

PROSPECTUS

## BANQUE RAIFFEISEN S.C., LUXEMBOURG

(a cooperative company (*société coopérative*) incorporated under the laws of the Grand Duchy of Luxembourg, having its registered office at 4, rue Léon Laval, L-3372 Leudelange, Grand Duchy of Luxembourg and registered with the Luxembourg trade and companies register under the number B-20.128)

### Up to EUR30,000,000 2.5 per cent Notes due 2027

**Issue price: 102.0 per cent.**

**ISIN: LU1625071847**

The up to EUR30,000,000 2.5 per cent. Notes due 2027 (the **Notes**) are issued by Banque Raiffeisen S.C. (the **Issuer**) on 11 July 2017 (the **Issue Date**).

**The Notes and the Coupons (as defined below) are subordinated obligations of the Issuer. The rights and claims of the Noteholders and Couponholders against the Issuer in respect of the Notes and the Coupons are subordinated to the claims of the Senior Creditors (as defined in the terms and conditions of the Notes (the Conditions)).**

The Issuer may, at its option, redeem all or some only of the Notes once every year starting at the end of the fifth anniversary of the Notes at their principal amount plus accrued interest. Also, the Issuer may, at its option, redeem all, but not some only, of the Notes at any time at their principal amount plus accrued interest, in the event of certain tax changes and in the event of certain regulatory changes, both as described under "*Conditions of the Notes - Redemption and Purchase*". Any early redemption of the Notes is subject to the Issuer having obtained the prior approval of the Regulator (as defined in the Conditions). The Notes mature on 11 July 2027.

Application has been made to the *Commission de Surveillance du Secteur Financier* (the **CSSF**) in its capacity as competent authority under the Luxembourg act dated 10 July 2005 on prospectuses for securities, as amended (the **Prospectus Act 2005**) to approve this document (the **Prospectus**) as a prospectus for the offering of the Notes to the public in Luxembourg. The CSSF assumes no responsibility for the economic and financial soundness of the transactions contemplated by the Prospectus or the quality or solvency of the Issuer in accordance with Article 7(7) of the Prospectus Act 2005.

No application has been made to the Luxembourg Stock Exchange (**LxSE**) for the Notes to be listed on the official list of the LxSE and to be admitted to trading on the regulated market of the LxSE and no application has been made to any other stock exchange or market for the listing and admission to trading of the Notes.

The Notes in bearer form will initially be represented by a temporary global note (the **Temporary Global Note**) issued in the form of a LuxCSD Bearer Global Note (**LBN Form**). Interests in the Temporary Global Note will be exchangeable for interests in a permanent global note in LBN Form (the **Permanent Global Note** and together with the Temporary Global Note, the **Global Notes**) on or after a date (the **Exchange Date**) that is expected to be 40 days after the Issue Date upon certification as to non-U.S. beneficial ownership, as required by U.S. Treasury regulations. On or about the Issue Date, the Global Notes will be deposited with LuxCSD, *société anonyme* (**LuxCSD**). The Permanent Global Note is exchangeable for definitive Notes subject to and in accordance with the terms of the Permanent Global Note and the Conditions (1) if the Permanent Global Note is held on behalf of LuxCSD and such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so or (2) an event described in Condition 8.1 (*Default Enforcement – Liquidation*) has occurred and is continuing.

**An investment in Notes involves certain risks. Prospective investors should have regard to the factors described under the heading "Risk Factors" on page 16.**

Placement Agents

**Banque Raiffeisen S.C.** Caisse Raiffeisen Bascharage-Reckange-Soleuvre, Caisse Raiffeisen Bettborn-Perlé, Caisse Raiffeisen Canton Remich, Caisse Raiffeisen Diekirch-Feulen, Caisse Raiffeisen Hoffelt-Binsfeld-Weiswampach, Caisse Raiffeisen Junglinster, Caisse Raiffeisen Kayl-Roeser, Caisse Raiffeisen Mamer, Caisse Raiffeisen Mersch, Caisse Raiffeisen Musel-Sauerdall, Caisse Raiffeisen Niederanven/Syrdall, Caisse Raiffeisen Noerdange-Saeul-Useldange, Caisse Raiffeisen Wiltz (together with Banque Raiffeisen S.C., the **Placement Agents**)

The date of this Prospectus is 14 June 2017

This Prospectus constitutes a prospectus for the purposes of Article 5.3 of Directive 2003/71/EC, as amended (the **Prospectus Directive**) and for the purposes of the Prospectus Act 2005.

This Prospectus should be read and construed with any supplement thereto and with any other documents incorporated by reference (see "*Documents Incorporated by Reference*").

The Placement Agents (other than Banque Raiffeisen S.C. in its capacity as Issuer) have not independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Placement Agents (other than by Banque Raiffeisen S.C. in its capacity as Issuer) as to the accuracy or completeness of the information contained or incorporated in this Prospectus or any other information provided by the Issuer in connection with the Notes. No Placement Agent (other than Banque Raiffeisen S.C. in its capacity as Issuer) accepts any liability in relation with the information contained or incorporated by reference in this Prospectus or any other information provided by the Issuer in connection with the Notes.

No person is or has been authorised by the Issuer to give any information or to make any representation not contained in or not consistent with the Prospectus or any other information supplied in connection with the Notes, and given or made, such information or representation must not be relied upon as having been authorised by the Issuer.

The only persons authorised to use this Prospectus in connection with the offering of the Notes are the Issuer and the Placement Agents.

Neither this Prospectus, nor any other information supplied in connection with the Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer that any recipient of the Prospectus or any other information supplied in connection with the Notes should purchase the Notes. Each investor contemplating purchasing the Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Prospectus nor any other information supplied in connection with the issue of the Notes constitutes an offer or invitation by or on behalf of the Issuer to any person to purchase the Notes.

Neither the delivery of the Prospectus nor the offering, sale or delivery of the Notes shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Notes is correct as of any time subsequent to the date indicated in the document containing the same. The Placement Agents expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Notes or to advise any investor in the Notes of any information coming to their attention.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the **Securities Act**) and are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to U.S. persons. For a further description of certain restrictions on the offering and sale of the Notes and on distribution of this document, see "Placement" below.

This Prospectus has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**) other than offers (the **Permitted Public Offers**) which are made from 19 June 2017 until 7 July 2017 (both dates inclusive) (unless terminated earlier), and which are contemplated in this Prospectus in Luxembourg once the Prospectus has been approved by the CSSF and published in accordance with the Prospectus Directive as implemented in Luxembourg, will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of the offering contemplated in this Prospectus, other than the Permitted Public Offers, may only do so in circumstances in which no obligation arises for the Issuer to publish a prospectus pursuant

to Article 3 of the Prospectus Directive, in each case, in relation to such offer. The Issuer has not authorised, nor does he authorise, the making of any offer (other than Permitted Public Offers) of Notes in circumstances in which an obligation arises for the Issuer to publish or supplement a prospectus for such offer.

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy the Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer does not represent that this Prospectus may be lawfully distributed, or that the Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, except as indicated in the "*Placement*" section below, no action has been taken by the Issuer which is intended to permit a public offering of the Notes or the distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or the Notes may come must inform themselves about, and observe any such restrictions on the distribution of this Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Notes in the United States and the European Economic Area, see "*Placement*".

Following the publication of this Prospectus, if any significant new factor, material mistake or inaccuracy relating to the information included in this Prospectus arises between the time when the prospectus is approved and the final closing of the offer to the public, that is capable of affecting the assessment of the Notes, the Issuer will prepare a supplement to this Prospectus in accordance with article 13.1 of the Prospectus Act 2005. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable, be deemed to modify or supersede statements contained in this Prospectus or in a document which is incorporated by reference in this Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus.

All references in this document to **euro** and **€** refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

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## SUMMARY OF THE PROSPECTUS

*Summaries are made up of disclosure requirements known as “Elements”. These Elements are numbered in Sections A – E (A.1 – E.7). This Summary contains all the Elements required to be included in a summary for this type of Notes and the Issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in a summary because of the type of Notes and the Issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element should be included in the summary with the mention of 'not applicable'.*

### SECTION A – INTRODUCTION AND WARNINGS

Element	Title	
A.1	<b>Warning to the reader</b>	<p><b>This summary should be read as an introduction to this prospectus (the "Prospectus").</b></p> <p><b>Any decision to invest in the up to EUR30,000,000 notes due 11 July 2027 (the "Notes") issued by Banque Raiffeisen S.C. (the “Issuer”) should be based on consideration of the Prospectus as a whole by the investor.</b></p> <p><b>Where a claim relating to information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the Prospectus before the legal proceedings are initiated.</b></p> <p><b>Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in the Notes.</b></p>
A.2	<b>Consent as to use of the Prospectus, period of validity and other attached conditions</b>	Not applicable – since there is no resale of the securities

## SECTION B – ISSUER

Element	Title																									
B.1	Legal and commercial name of the issuer	Banque Raiffeisen S.C. (the <b>Issuer</b> )																								
B.2	Domicile/ legal form/ legislation/ country of incorporation	The Issuer is a cooperative company ( <i>société coopérative</i> ) incorporated under the laws of Luxembourg. The registered office of the Issuer is at 4, rue Léon Laval, L-3372 Leudelange, Grand Duchy of Luxembourg.																								
B.4b	Trend information	Not applicable - There are no known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Issuer's prospects for its current financial year.																								
B.5	Description of the Group	The Raiffeisen group comprises Banque Raiffeisen S.C. itself as well as the affiliated <i>Caisses Raiffeisen S.C.</i>																								
B.9	Profit forecast or estimate	Not applicable – No profit forecast or estimates have been made in the Prospectus.																								
B.10	Audit report qualifications	Not applicable – No qualifications are contained in any audit (or review) report included in the Prospectus.																								
B.12	Selected historical key financial information	<p><b><i>Income Statement</i></b></p> <p>The table below sets out summary information extracted from the Issuer's audited consolidated income statement for each of the two years ended 2015 and 2016:</p> <table border="1"> <thead> <tr> <th>(in EUR1,000)</th> <th>2016</th> <th>2015</th> </tr> </thead> <tbody> <tr> <td><b>Net Income for the period</b></td> <td><b>16,566</b></td> <td><b>17,553</b></td> </tr> <tr> <td><b>Total Income</b></td> <td><b>168,641</b></td> <td><b>176,806</b></td> </tr> <tr> <td><b>Expenses</b></td> <td><b>-79,611</b></td> <td><b>-77,458</b></td> </tr> </tbody> </table> <p><b><i>Statement of Financial Position</i></b></p> <p>The table below sets out summary information extracted from the Issuer's audited consolidated statement of financial position as at 31 December 2015 and 31 December 2016:</p> <table border="1"> <thead> <tr> <th>(in EUR1,000)</th> <th>2016</th> <th>2015</th> </tr> </thead> <tbody> <tr> <td><b>Balance Sheet Total</b></td> <td><b>7,501,015</b></td> <td><b>7,222,541</b></td> </tr> <tr> <td><b>Liabilities to banks</b></td> <td><b>384,319</b></td> <td><b>324,945</b></td> </tr> <tr> <td><b>Liabilities to customers</b></td> <td><b>6,311,943</b></td> <td><b>6,057,347</b></td> </tr> </tbody> </table>	(in EUR1,000)	2016	2015	<b>Net Income for the period</b>	<b>16,566</b>	<b>17,553</b>	<b>Total Income</b>	<b>168,641</b>	<b>176,806</b>	<b>Expenses</b>	<b>-79,611</b>	<b>-77,458</b>	(in EUR1,000)	2016	2015	<b>Balance Sheet Total</b>	<b>7,501,015</b>	<b>7,222,541</b>	<b>Liabilities to banks</b>	<b>384,319</b>	<b>324,945</b>	<b>Liabilities to customers</b>	<b>6,311,943</b>	<b>6,057,347</b>
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	No material adverse change statement	<p><i>Statements of no significant or material adverse change</i></p> <p>There has been no material adverse change in the prospects of the Issuer since the financial year ended 31 December 2016.</p>															
	Significant changes in the financial or trading position	Not applicable - There has been no significant change in the financial or trading position of the Issuer since the financial year ended 31 December 2016.															
<b>B.13</b>	Recent events impacting the Issuer's solvency	Not applicable – There are no recent events particular to the Issuer which are to a material extent relevant to the evaluation of the Issuer's solvency.															
<b>B.14</b>	Dependence upon other group entities	<p>Please also see element B.5 above.</p> <p>The Issuer is Banque Raiffeisen S.C.</p> <p>The Issuer's associates as of today are (i) the 13 affiliated co-operative savings and loans banks Raiffeisen Members S.C. (Category A) - which hold, altogether, 45% of the voting rights, (ii) other legal or natural persons (Category B) – which hold, altogether, 45% of the remaining voting rights and (iii) POST Luxembourg (Category C), which holds altogether 10% of the voting rights. Within the two categories A and B of associates, the voting rights may be unevenly distributed among the relevant associates.</p> <p>No single associate of the Issuer, and not any of the different categories of associates, directly or indirectly owns or controls the Issuer. The Issuer is not aware of any arrangement that might result in a change in control of the Issuer.</p>															
<b>B.15</b>	Principal Activities	The Issuer is a Luxembourg banking and financial services company.															
<b>B.16</b>	Controlling shareholders	<p>Local cooperative savings and loan banks (45% of the shares (<i>parts sociales</i>)) – associations and companies of the agricultural and viticultural sector as well as several private persons (45% of the shares (<i>parts sociales</i>)) – POST Luxembourg (10% of the shares (<i>parts sociales</i>)).</p> <p>No single associate of the Issuer, and not any of the different categories of associates, directly or indirectly owns or controls the Issuer. The Issuer is not aware of any arrangement that might result in a change in control of the Issuer.</p>															

Element	Title	
B.17	Credit ratings	Not applicable - The Notes have not been rated.

### SECTION C – SECURITIES

Element	Title	
C.1	Description of the type and class of the Notes/ISIN/Common Code	<p>The up to EUR 30,000,000 2.5 per cent subordinated Notes due 11 July 2027 will be issued by the Issuer.</p> <p>International Securities Identification Number (<b>ISIN</b>) allocated to the Notes: LU1625071847. The Common Code for this issue is 162507184.</p>
C.2	Currency	The currency of the Notes is Euro.
C.5	Restrictions on transferability	Not Applicable - There are no restrictions on the free transferability of the Notes.
C.8	Rights attached to the Notes, including ranking and limitations on those rights	<p><b>Governing law:</b> The Notes are governed by, and shall be construed in accordance with, Luxembourg law.</p> <p><b>Negative Pledge:</b> The Terms and Conditions of the Notes do not contain a negative pledge provision.</p> <p><b>Cross default:</b> The Terms and Conditions of the Notes do not contain a cross default provision.</p> <p><b>Taxation:</b> All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed within Luxembourg unless the withholding or deduction is required by law. Under the law of 23 December 2005, as amended (“the <b>Law</b>”), payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner who is resident of Luxembourg will be subject to a withholding tax of 20 per cent. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Notes coming within the scope of the Law will be subject to withholding tax of 20 per cent.</p>



Element	Title	
		<p><b>Status:</b> The Notes will constitute direct, unsecured and subordinated obligations of the Issuer and the claims of Noteholders and Couponholders against the Issuer are subordinated to the claims of creditors of the Issuer (i) who are depositors and/or other unsubordinated creditors of the Issuer; (ii) whose claims are or are expressed to be subordinated to the claims of unsubordinated creditors of the Issuer, other than those whose claims by law rank, or by their terms are expressed to rank, <i>pari passu</i> with, or junior to, the claims of the Noteholders and Couponholders.</p> <p><b>Restricted remedy for non-payment when due:</b> The sole remedy against the Issuer available to any Noteholder for recovery of amounts which have become due in respect of the Notes will be the claiming in the Liquidation of the Issuer. <b>Liquidation</b> means an order is made or an effective resolution is passed for the judicial liquidation (<i>liquidation judiciaire</i>) of the Issuer or the voluntary liquidation (<i>liquidation volontaire</i>) of the Issuer, all in accordance with the Luxembourg act dated 18 December 2015 concerning, among others, the recovery, resolution and liquidation of credit institutions and certain investment firms, as amended.</p>
C.9	Interest/Redemption/Maturity/Yield/Representative of Noteholders	<p>Please also see element C.8 above.</p> <p><b>Interest:</b> Interest on the Notes will accrue at the rate of 2.5 per cent per annum from 11 July 2017. Interest is payable annually in arrear on 11 July of each year with the first interest payment date being the 11 July 2018 and the last interest payment date being the 11 July 2027.</p> <p><b>Final Redemption:</b> Unless previously redeemed, purchased or repurchased and cancelled as provided below, each Note shall be finally redeemed by the Issuer at their principal amount on 11 July 2027 (the “<b>Maturity Date</b>”).</p> <p><b>Early redemption:</b> The Notes may, at the option of the Issuer, be redeemed (in full or in part) at their principal amount plus accrued interest once every year from the end of the fifth anniversary of the Notes. Also, the Issuer may, at its option, redeem all, but not some only, of the Notes at their principal amount plus accrued interest, in the event of certain tax changes and in the event of certain regulatory changes. Any such early redemption is subject to the Issuer having obtained the prior approval of the relevant regulator.</p> <p><b>Indication of yield:</b> 2.27 per cent</p> <p><b>Representative of debt security holders:</b> The exercise of collective rights and decisions of Noteholders in respect of the Notes and meetings of Noteholders are subject to the provisions of articles 86 to 94-8 of the Luxembourg act dated 10 August 1915 on commercial companies, as amended (the <b>Companies Act 1915</b>). Pursuant to the Companies Act 1915, the Noteholders will belong to a masse created, among other things, for the representation of their common interests pursuant to the provisions of the Companies Act 1915.</p>

Element	Title	
<b>C.10</b>	Derivative component in the interest payments	Please also see element C.9 above.  Not applicable – There is no derivative component in the interest payments.
<b>C.11</b>	Admission to trading on a regulated market	Not applicable – The Notes will not be admitted to trading on a regulated market.

SECTION D – RISKS

Element	Title	
<b>D.2</b>	Key risks regarding the issuer	<p>The Notes may not be a suitable investment for all investors. In purchasing Notes, investors assume the risk that the Issuer may become insolvent or otherwise be unable to make all payments due in respect of the Notes. There is a wide range of factors which individually or together could result in the Issuer becoming unable to make all payments due in respect of the Notes. It is not possible to identify all such factors or to determine which factors are most likely to occur, as the Issuer may not be aware of all relevant factors and certain factors which it currently deems not to be material may become material as a result of the occurrence of events outside the Issuer’s control. The Issuer has identified a number of factors which could materially adversely affect its business and ability to make payments due under the Notes:</p> <ul style="list-style-type: none"> <li>• like other banks, the Issuer faces financial risks in the conduct of its business, such as (without limitation) credit risk, counterparty risk, operational risk, illiquidity risk and market risk;</li> <li>• the Issuer’s business activities are dependent on the level of banking, finance and financial services required by its customer. In particular, levels of borrowing are heavily dependent on customer confidence, market interest rates and other factors that affect the economy;</li> <li>• the Issuer is the sole entity having obligations under the Notes;</li> <li>• the issuer is subject to financial services law, regulations, administrative actions and policies in each jurisdiction in which it carries on business. Changes in supervision and regulation, in particular in Luxembourg, could materially affect the Issuer’s business, the products and services offered or the value of its assets;</li> <li>• the ability of the Issuer to make payments may be affected by the due performance of third parties;</li> <li>• there may be conflicts of interest in connection with the Notes; and</li> <li>• commissions, fees and other costs may reduce any return on the investments in the Notes.</li> </ul>
<b>D.3</b>	Key risks regarding the Notes	<p>There are also risks associated with the Notes:</p> <ul style="list-style-type: none"> <li>• the Notes may not be a suitable investment for all investors;</li> </ul>

- the Issuer's obligations under the Notes are subordinated;
- the Notes may be early redeemed in certain circumstances. The fact that the Issuer has the right to redeem any Notes at its option may limit the market value of the Notes concerned and an investor may not be able to reinvest the redemption proceeds to achieve a similar effective return;
- the Notes may be subject to loss absorption on any application of the general bail-in tool or at the point of non-viability of the Issuer;
- there is no restriction on the amount of securities which the Issuer may issue or guarantee, which securities or guarantees rank senior to, or *pari passu* with, the Notes;
- the sole remedy against the Issuer available to any Noteholder for recovery of amounts which have become due in respect of the Notes will be the claiming in the Liquidation of the Issuer;
- the Notes do not benefit from any guarantee or protection from any deposit guarantee scheme in Luxembourg;
- the Conditions of the Notes may be modified without the consent of the Noteholders in certain circumstances (e.g. by defined majorities of the Noteholders during a meeting of the Noteholders);
- a Noteholder may not receive payment of the full amounts due in respect of the Notes as a result of amounts being withheld by the Issuer in order to comply with applicable law;
- investors are exposed to the risk of changes in law or regulation affecting the value of Notes held by them;
- the Council of the European Union has adopted a bank recovery and resolution directive (**BRRD**) which is intended to enable a range of actions to be taken in relation to credit institutions and investment firms considered to be at risk of failing. The BRRD was implemented by the Luxembourg act dated 18 December 2015 (the **BRR Act 2015**). The BRR Act 2015 or the taking of any action under it could materially affect the value of any Notes;
- there may be no or only a limited secondary market in the Notes and this would adversely affect the value at which an investor could sell his Notes;
- the value of an investor's investment may be adversely affected by exchange rate movements where the Notes are not denominated in the investor's own currency;
- investment in the Notes involves the risk that subsequent changes in market interest rates may adversely affect the

value of them; and

- legal investment considerations may restrict certain investments.

SECTION E – OFFER

Element	Title	
E.2b	Reasons for the offer and use of proceeds	The net proceeds of the issue of the Notes, amounting to a maximum of approximately EUR29.900.000 will be used by the Issuer for its general corporate purposes.
E.3	Terms and conditions of the offer	<p>The Notes are being offered in a non-exempt public offer in Luxembourg.</p> <p>The issue price / offer price of the Notes is 102.0 per cent. of their nominal amount.</p> <p>From 19 June 2017 to 7 July 2017 (both inclusive) the Notes may be offered for subscription to investors but the Issuer reserves the right to close subscription early. However, from 19 June 2017 to 21 June 2017 (both dates inclusive) the subscription to the Notes will, subject as provided below, be reserved to investors which are co-operative members of the Issuer, that is, persons holding one or more shares (<i>parts sociales</i>) in the Issuer, including such persons which have applied to become co-operative members on or before 21 June 2017 (each a <b>Qualifying Member</b>) (such reserved period, the <b>Reserved Period</b>). From 22 June 2017 (or such earlier date in case the Reserved Period has been shortened as provided below) to 7 July 2017 the Notes are also open for subscription to investors other than the Qualifying Members (the <b>Open Period</b>). As mentioned above, the Issuer reserves the right to close subscription early.</p> <p>During the Reserved Period, the allocation of the Notes to Qualifying Members will be made, up to the aggregate amount of EUR20,000,000, on a first come, first served basis: Notes will be allocated to Qualifying Members in the order of receipt of their application by a Placement Agent for the subscription of Notes. The last order received that will trigger a crossing of the EUR20,000,000 threshold will, where applicable, be scaled back by the Issuer in its discretion.</p> <p>During the Open Period (which may include, where applicable, part of the Reserved Period, should the total amount of EUR20,000,000 be reached prior to the end of the Reserved Period, as provided below), the allocation of the remaining Notes (i.e. a total of EUR10,000,000 or a higher amount in case of partial subscriptions during the Reserved Period) will be done on a pro-rata basis, should the total subscriptions exceed the maximum amount that may be issued. Applications will in that case be scaled back such that the number of Notes allocated to each investor having placed orders will be determined based on such investor's share of the aggregate subscription amount during the Open Period (and, where applicable, the Reserved Period). In the event where such determination results in broken amounts (i.e. amounts below EUR1,000), the Issuer may decide on the re-allocation of such number of Notes to specific investors as it deems appropriate.</p>

Element	Title	
		<p>A total amount of EUR20,000,000 of Notes will be reserved to Qualifying Members, which may place orders to subscribe for the Notes during the Reserved Period, being the first three business days of the proposed offer. Should the amount of Notes mentioned above not be subscribed by Qualifying Members at the end of the Reserved Period, then the previously reserved Notes may be subscribed by investors other than Qualifying Members. Should the total amount of EUR20,000,000 of Notes be fully subscribed by Qualifying Members before the end of the Reserved Period, then the remaining Notes may also be subscribed by investors other than the Qualifying Members before the end of the Reserved Period.</p> <p>Investors are required to subscribe for a minimum of one (1) Note and thereafter in multiples of one (1) Note. The maximum subscription amount per investor is EUR 500,000. The Issuer however reserves the right, in its discretion to dis-apply the maximum amount for subscriptions received from 7 July 2017 onwards in case where the subscription orders in respect of the Notes received prior to that date are considered by the Issuer as being insufficient to ensure a full subscription of the Notes.</p> <p>The final number of Notes placed with investors is expected to be published on the website of the Luxembourg Stock Exchange (<a href="http://www.bourse.lu">www.bourse.lu</a>) and on the website of the Issuer (<a href="http://www.raiffeisen.lu">www.raiffeisen.lu</a>) and filed with the CSSF.</p> <p>Where applicable, the Issuer will also publish a notice on the website of the Luxembourg Stock Exchange to inform potential investors that the Reserved Period has been shortened (due to the full subscription of the Notes by the Qualifying Members prior to the end of the three business day period).</p>
E.4	Interest of natural and legal persons involved in the issue/offer	The Issuer and the other placement agents involved in the placement of the Notes may be subject to conflicts of interest between their own interests and those of holders of Notes.
E.7	Expenses charged to the investor by the issuer	Not Applicable – No expenses will be charged to investors by the Issuer.

## RISK FACTORS

*The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes. Most of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.*

*In addition, factors which are material for the purpose of assessing the market risks associated with the Notes are described below.*

*The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Notes may occur for other reasons which may not be considered significant risks by the Issuer based on information currently available to it or which it may not currently be able to anticipate. Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.*

*Words and expressions defined in the Conditions shall have the same meanings ascribed to them therein.*

### **1. FACTORS THAT MAY AFFECT THE ISSUER'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER THE NOTES**

#### **1.1 Risks faced by the Issuer in the conduct of its business**

Like other banks, the Issuer faces financial risks in the conduct of its business, such as credit risk, operational risk and market risk. These risks are addressed by the Issuer's own risk management procedures and exposures are constantly measured and supervised.

##### *Credit risk*

As a credit institution, the Issuer is exposed to the creditworthiness of its customers and counterparties. The Issuer may suffer losses related to the inability of its customers or other counterparties to meet their financial obligations.

##### *Market risk*

Market risks are all the risks linked to the fluctuations of market prices, including, principally, exposure to loss arising from adverse movements in interest rates, and, to a lesser extent, foreign exchange rates and equity prices, stemming from the Issuer's capital market activities. Due to the nature of its activity, the Issuer is prevented from assuming significant exposure to market risk.

##### *Asset illiquidity can adversely affect the Issuer's business*

Liquidity risk is inherent in the Issuer's business. Each asset purchased and liability sold has liquidity characteristics that are unique. As a retail bank, most deposits are stemming from customers using products which allow them to withdraw their funds at any time i.e. the average remaining maturity must be closely monitored in a low interest market. However, assets have either long term maturities or have low liquidity such as private placed loans or mortgage loans. In this context the Issuer monitors very closely its liquidity exposure as well as the stability of the funds deposited by its customers.

##### *Operational risk*

Operational risk is the risk of financial or non-financial impact resulting from inadequate or failed internal processes or systems, from people's failings or from external events. The definition includes IT, legal and compliance risk but excludes strategic risk.



As with most other banks, the Issuer relies heavily on communications and information systems to conduct its business. Any failure or interruption or breach in security of these systems could result in failures or interruptions or breach in security of these systems could result in failures or interruptions on the Issuer's customer relationship management, general ledger, deposit, servicing and/or loan organisation systems. The Issuer cannot provide assurances that such failures or interruptions will not occur or, if they do occur, that they will be adequately addressed. The occurrence of any failures or interruptions could have a material adverse effect on the Issuer's financial condition and results of operations.

In the context of increasing cyber risk meaning any risk of financial loss, disruption or damage to the reputation of the Issuer from some sort of failure of its information technology systems, the Issuer has put in place performant monitoring tools, strict procedures to manage all related to these issues and has concluded appropriate insurance policies.

#### *Soundness of other Financial Institutions – counterparty risks*

The Issuer is exposed to many different counterparties in the normal course of its business; hence its exposure to counterparties in the financial services industry is significant. This exposure can arise through lending, deposit-taking, clearance and settlement and numerous other activities and relationships. These counterparties include institutional clients, brokers and dealers, commercial banks and mutual funds. Many of these relationships expose the Issuer to credit risk in the event of default of a counterparty or client. In addition, the Issuer's credit risk may be exacerbated when the collateral it holds cannot be realised at, or is liquidated at prices not sufficient to recover, the full amount of the loan or derivative exposure it is due to cover, which could in turn affect the Issuer's ability to meet its payments under the Notes.

#### *Uncertain economic conditions*

The Issuer's business activities are dependent on the level of banking, finance and financial services required by its customers. In particular, levels of borrowing are heavily dependent on customer confidence, market interest rates and other factors that affect the economy. Although in recent years there have been significant adverse developments in world markets, the current outlook for the world economy is improving. The profitability of the Issuer's businesses could, therefore, be adversely affected by a worsening of general economic conditions in its markets, as well as related factors, including governmental policies and initiatives. An economic downturn or significantly higher interest rates could increase the risk that a greater number of the Issuer's customers would default on their loans or other obligations to the Issuer, or would refrain from seeking additional borrowing or would use their deposits for investments in other products than deposits.

### **1.2 Sole liability under the Notes**

The Issuer is the only entity which has obligations to pay principal and interest in respect of the Notes. The Notes will not be obligations or responsibilities of any other entity (e.g. any *Caisses Raiffeisen S.C.* (together, the **Caisses Raiffeisen**)).

### **1.3 Impact of regulatory change**

The Issuer is subject to financial services law, regulations, administrative actions and policies in each jurisdiction in which it carries on business. Changes in supervision and regulation, in particular in Luxembourg, could materially affect the Issuer's business, the products and services offered or the value of its assets. Although the Issuer works closely with its regulators and continually monitors its environment, future changes in regulation, fiscal or other policies can be unpredictable and are beyond the control of the Issuer.

#### **1.4 Reliance of the Issuer on third parties**

The Issuer has entered into agreements with a number of third parties, which have agreed to perform services for the Issuer. The ability of the Issuer to make payments under the Notes may be affected by the due performance of the other third parties in relation to the notes, their payment and other obligations in relation to the Notes.

#### **1.5 Conflicts of interest in respect of Banque Raiffeisen S.C. and the Caisses Raiffeisen**

With respect to the Notes, conflicts of interest may arise as a result of various factors involving in particular Banque Raiffeisen S.C. and the Caisses Raiffeisen.

Even if their respective rights and obligations under the documentation relating to the Notes are not conflicting and are independent from one another, in performing any such obligations in different capacities, Banque Raiffeisen S.C., and even the Caisses Raiffeisen, may be in a situation of conflict of interest.

The Issuer and the other Placement Agents may be subject to conflicts of interest between their own interests and those of holders of Notes / their clients. More specifically, there may be a potential conflict of interest between the Issuer and/or the other Placement Agents selling the Notes and the interest of their existing or potential clients. The composite entity comprising the Issuer and the affiliated Caisses Raiffeisen is regarded as forming a single credit institution, which is, pursuant to the Luxembourg act dated 5 April 1993 relating to the financial sector, as amended (the **Banking Act 1993**), subject to the obligation to act honestly, fairly and professionally in accordance with the best interests of clients when placing financial instruments and to organise the provision of its services in compliance with these overarching obligations.

#### **1.6 Commissions and Fees**

Commissions, fees and other costs may reduce any return on the investments in the Notes. Potential investors should therefore consult their own financial advisers about any provisions, fees or other costs which are incurred when purchasing or while holding the Notes prior to any investment.

## **2. FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE MARKET RISKS ASSOCIATED WITH THE NOTES**

### **2.1 The Notes may not be a suitable investment for all investors**

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency;
- (d) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and

- (e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Notes are complex financial instruments that are generally not purchased as stand-alone investments. Complex financial instruments are generally purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Notes unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

## **2.2 The Issuer's obligations under the Notes are subordinated**

The Issuer's obligations under the Notes will be unsecured and subordinated and will rank junior in priority of payment to the claims of the Senior Creditors. According to the Conditions, Senior Creditors are creditors of the Issuer (i) who are depositors and/or other unsubordinated creditors of the Issuer; (ii) whose claims are or are expressed to be subordinated (whether only in the event of the Liquidation (as defined in the Conditions) of the Issuer or otherwise) to the claims of unsubordinated creditors of the Issuer, other than those whose claims by law rank, or by their terms are expressed to rank, *pari passu* with, or junior to, the claims of the Noteholders and Couponholders.

In the event of Liquidation of the Issuer, the rights of the Noteholders and Couponholders against the Issuer in respect of such Notes and related Coupons (including any damages (if payable)) shall:

- (a) be subordinated to the claims of all Senior Creditors;
- (b) rank *pari passu* with the claims of all other subordinated creditors of the Issuer which in each case by law rank, or by their terms are expressed to rank *pari passu* with the Notes; and
- (c) rank senior to the claims of holders of the Issuer's shares and any junior subordinated obligations or other securities of the Issuer which by law rank, or by their terms are expressed to rank, junior to the Notes.

Although the Notes may pay a higher rate of interest than comparable notes which are not subordinated, there is a real risk that an investor in the Notes will lose all or some of his investment should the Issuer become insolvent.

## **2.3 Early redemption and reinvestment risks**

The Notes may, subject as provided in Condition 5.5 (*Redemption and Purchase – Conditions to early redemption*), at the option of the Issuer, be redeemed (in full or in part) at their principal amount plus accrued interest once every year from the fifth anniversary of the Notes. Also, the Issuer may, at its option, redeem all, but not some only, of the Notes at their principal amount plus accrued interest, in the event of certain tax changes and in the event of certain regulatory changes, both as described under Condition 5 (*Redemption and Purchase*). Any such early redemption is subject to the Issuer having obtained the prior approval of the Regulator as provided in Condition 5.5.

The redemption at the option of the Issuer on or after the fifth anniversary of the Notes may limit the market value of the Notes. During any period when the Issuer may elect to redeem the Notes, the market value of the Notes generally will not rise above the price at which they can be redeemed. This may also be true prior to the fifth anniversary of the Notes.

An investor may not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly

lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

#### **2.4 The Notes may be subject to loss absorption on any application of the general bail-in tool or at the point of non-viability of the Issuer**

The Bank Recovery and Resolution Directive (as defined below) contemplates that subordinated debt securities (such as the Notes) may be subject to non-viability loss absorption, in addition to the application of the general bail-in tool. See “*The Council of the European Union has adopted a bank recovery and resolution directive which is intended to enable a range of actions to be taken in relation to credit institutions and investment firms considered to be at risk of failing. The implementation of the directive under Luxembourg law or the taking of any action under it could materially affect the value of the Notes*”).

#### **2.5 No limitation on issuing senior or pari passu securities**

There is no restriction on the amount of securities which the Issuer may issue or guarantee, which securities or guarantees rank senior to, or *pari passu* with, the Notes.

The issue or guarantee of any such securities may reduce the amount recoverable by Noteholders on a Liquidation of the Issuer. Accordingly, in the Liquidation of the Issuer and after payment of the claims of their respective senior ranking creditors, there may not be a sufficient amount to satisfy the amounts owing to the Noteholders.

#### **2.6 Restricted remedy for non-payment when due**

The sole remedy against the Issuer available to any Noteholder for recovery of amounts which have become due in respect of the Notes will be the claiming in the Liquidation (as defined in the Conditions) of the Issuer.

Non-payment by the Issuer of any amounts when due or the occurrence of any insolvency proceedings in respect of the Issuer will not, of itself, render the Notes immediately due and payable. In the case the Issuer does not make payment for a period of seven days or more after the due date for the payment of principal or for a period of 14 days or more after an Interest Payment Date (as defined in the Conditions), for the payment of interest due in respect of any of the Notes on such Interest Payment Date, any Noteholder may ask the relevant authorities to institute Liquidation or reprieve from payment (*sursis de paiement*) proceedings in respect of the Issuer (together, the **Proceedings**). Although the relevant authorities may take into account a request from a Noteholder to institute the Proceedings, they are not in any way bound to do so following the receipt of such a request or on any other basis. In determining whether to institute any such Proceedings, the relevant authorities will act solely on the basis of their own discretion and in accordance with Luxembourg law. Subject to such request from a Noteholder as described in Condition 8.2, a Noteholder shall not be able to take any of the Proceedings.

#### **2.7 The Notes do not benefit from any guarantee or protection from any deposit guarantee scheme in Luxembourg**

In accordance with the Banking Act 1993, the Notes, in so far as they form part of the “own funds” of the Issuer are excluded from any compensation by deposit-guarantee schemes. Accordingly, investors in the Notes need to be aware that they will not be able to claim for any compensation from any deposit guarantee scheme in the event of unavailability of the Notes (or the payments thereunder).

## 2.8 Modification of the conditions of the Notes without the consent of all investors

The Conditions contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Conditions provide that the Fiscal Agent and the Issuer may, without the consent of the Noteholders and without regard to the interest of particular Noteholders, agree to (i) any modification of the Notes, the Coupons or the Agency Agreement which is not prejudicial to the interest of the Holders; or (ii) any modification of the Notes, the Coupons or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law.

## 2.9 Change of law

The conditions of the Notes are based on Luxembourg law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to Luxembourg law or administrative practice after the date of this Prospectus.

## 2.10 The Council of the European Union has adopted a bank recovery and resolution directive which is intended to enable a range of actions to be taken in relation to credit institutions and investment firms considered to be at risk of failing. The implementation of the directive under Luxembourg law or the taking of any action under it could materially affect the value of the Notes.

On 2 July 2014, Directive 2014/59/EU providing for the establishment of an EU-wide framework for the recovery and resolution of the credit institutions and investment firms (the **Bank Recovery and Resolution Directive** or **BRRD**) entered into force. The BRRD is designed to provide authorities with a credible set of tools to intervene sufficiently early and quickly in an unsound or failing institution so as to ensure the continuity of the institution's critical financial and economic functions, while minimising the impact of an institution's failure on the economy and financial system.

The BRRD was implemented by the Luxembourg act dated 18 December 2015 (the **BRR Act 2015**). Under the BRR Act 2015, the competent authority is the *Commission de surveillance du secteur financier* (the **CSSF**) and the resolution authority is the **CSSF**. The **CSSF** exercises its function as resolution authority through the Resolution Council (*conseil de résolution*) (the **Resolution Council**).

The BRR Act 2015 contains four resolution tools and powers which may be used alone or in combination where the relevant resolution authority considers that (a) an institution is failing or likely to fail, (b) there is no reasonable prospect that any alternative private sector measures would prevent the failure of such institution within a reasonable timeframe, and (c) a resolution action is in the public interest.

In particular, the BRR Act 2015 provides for certain resolution measures, including the power to impose in certain circumstances a suspension of activities. Any suspension of activities can, to the extent determined by the **CSSF**, result in the partial or complete suspension of the performance of agreements entered into by a Luxembourg incorporated in-scope firm. The BRR Act 2015 also grants the power to the Resolution Council to take a number of resolution measures including (i) a forced sale of a Luxembourg incorporated in-scope firm (sale of business), which enables the Resolution Council to direct the sale of the Luxembourg incorporated in-scope firm or all or part of its business on commercial terms, (ii) the establishment of a bridge institution, which may limit the capacity of the a Luxembourg incorporated in-scope firm to meet its repayment obligations or, (iii) the forced transfer of all or part of the assets, rights or obligations of a Luxembourg incorporated in-

scope firm (asset separation), which enables the Resolution Council to transfer (impaired or problem) assets rights or liabilities to one or more publicly owned asset management vehicles to allow them to be managed with a view to maximising their value through eventual sale or orderly wind-down (this can be used together with another resolution tool only) and (iv) the application of the **general bail-in tool**, which gives the Resolution Council the power, among others, to write down certain claims of unsecured creditors of a failing Luxembourg incorporated in-scope firm (which write-down may result in the reduction of such claims to zero) and to convert certain unsecured debt claims to equity or other instruments of ownership, which equity or other instruments could also be subject to any future cancellation, transfer or dilution.

In addition to the general bail-in tool, the BRR Act 2015 provides for the Resolution Council to have the further power to permanently write-down or convert into equity capital instruments (including tier 2 capital instruments such as the Notes) at the point of non-viability and before any other resolution action is taken (**non-viability loss absorption**).

For the purposes of the application of any non-viability loss absorption measure, the point of non-viability under the BRR Act 2015 is, among other points, the point at which the relevant authority determines that the institution meets the conditions for resolution (but no resolution action has yet been taken) or that the institution will no longer be viable unless the relevant capital instruments (such as the Notes) are written-down or converted or extraordinary public support is required by the institution and without such support the appropriate authority determines that the institution would no longer be viable.

Holders of Notes may be subject to write-down or conversion into equity on application of such mandatory write-down or conversion powers (without requiring such holders' consent), which may result in such holders losing some or all of their investment.

The powers set out in the BRR Act 2015 will impact how credit institutions, investment firms or relevant financial institutions established in Luxembourg, are managed as well as, in certain circumstances, the rights of creditors. The exercise of any power under the BRR Act 2015 or any suggestion of such exercise could, therefore, materially adversely affect the rights of the Noteholders, the price or value of their investment in the Notes and/or the ability of the Issuer to satisfy its obligations under the Notes.

## **2.11 Minimum requirement for own funds and eligible liabilities (MREL)**

In order to ensure the effectiveness of bail-in and other resolution tools, the BRRD requires that all institutions must meet an individual MREL requirement calculated as a percentage of total liabilities and own funds and set by the relevant resolution authorities. Items eligible for inclusion in MREL will include an institution's own funds along with "eligible liabilities".

The European Banking Authority (the **EBA**) and the European Commission are required under the BRRD to develop the criteria for determining MREL, the calculation methodologies and related measures. The EBA published and submitted to the European Commission the final draft regulatory technical standards on the criteria for determining MREL on 3 July 2015 and this was amended and adopted by the European Commission and the European Parliament in the Commission Delegated Regulation 2016/1450 of 23 May 2016 (the **DR 2016/1450**). Although the DR 2016/1450 provides more specifics on the criteria to be taken into account by resolution authorities to determine the level of MREL applicable for each institution, it also provides for a transitional period therefor, at the discretion of the resolution authorities. In addition, the EBA released its final report on MREL (on the implementation and design of the MREL framework) on 14 December 2016, which contains some recommendations for the improvement of the MREL mechanism and its alignment with TLAC (see below). Combined with the recent initiative of the Commission to amend Directive 2013/36/EU and Regulation (EU) No 575/2013, notably aiming at increasing the resilience of EU institutions and enhancing financial stability, the precise impact of the MREL requirements on individual firms will

remain a matter of some uncertainty until the final measures are fully adopted and specific requirements imposed on institutions by resolution authorities.

It is also uncertain how exactly the proposals published in November 2014 by the Financial Stability Board (**FSB**) for a new international standard on total loss absorbing capacity (**TLAC**) for globally systemically important banks (GSIBs) (albeit the Issuer is not classified as a G-SIB based on the latest FSB list published) as well as the final TLAC Principles and Term Sheet published by the FSB on 9 November 2015 will affect the way EU law will cohabit with this requirement and the way in which the authorities implement the MREL regime.

Until these measures are finally adopted and applied to the Issuer, it is not possible to determine the ultimate scope and nature of any resulting obligations for the Issuer, nor the impact that they will have on the Issuer. It is possible that the Issuer may have to issue MREL eligible liabilities in order to meet the new requirements within the required timeframes and/or that the MREL requirements would impose operational restrictions on the Issuer, increase the Issuer's expenses and/or otherwise have a material adverse effect on the business, financial condition, results of operations and/or prospects of the Issuer and, in turn, adversely affect the value of the Notes. It is likely that, if the Issuer has to issue eligible liabilities compliant with the MREL requirement, the Notes will be subordinated to these liabilities.

## **2.12 Risks related to the market generally**

### **(a) The secondary market generally**

The Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. The Notes are especially designed for specific investment objectives or strategies. As such, the Notes generally will have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes.

### **(b) Exchange rate risks and exchange controls**

The Issuer will pay principal and interest on the Notes in Euro. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the **Investor's Currency**) other than Euro. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Euro or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to Euro would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency-equivalent value of the principal payable on the Notes and (3) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

### **(c) Interest rate risks**

Investment in the Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of them.

### **2.13 Legal investment considerations may restrict certain investments**

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) the Notes are legal investments for it, (2) the Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of the Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.



## **RESPONSIBILITY STATEMENT**

Banque Raiffeisen S.C. in its capacity as Issuer accepts responsibility for the information contained in this Prospectus. Banque Raiffeisen S.C. hereby declares that, having taken all reasonable care to ensure that such is the case, the information contained in the Prospectus is, to the best of its knowledge in accordance with the facts and contains no omission likely to affect its import.

## DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published and have been filed with the CSSF shall be incorporated by reference in, and form part of, this Prospectus:

- (a) the auditor's report and audited consolidated annual financial statements of the Issuer (in French) for the financial year ended 31 December 2016 including the information set out at the following pages in particular:

Balance Sheet.....	Pages 3 to 4
Profit and Loss Account.....	Pages 6 to 7
Notes to the Accounts .....	Pages 8 to 48
Audit Report.....	Pages 1 to 2

- (b) the auditor's report and audited consolidated annual financial statements of the Issuer (in French) for the financial year ended 31 December 2015 including the information set out at the following pages in particular:

Balance Sheet .....	Pages 3 to 4
Profit and Loss Account .....	Pages 6 to 7
Notes to the Accounts.....	Pages 8 to 45
Audit Report .....	Pages 1 to 2

- (c) the amended and restated articles of association of the Issuer (in French).

The information incorporated by reference that is not included in the cross-reference list, is considered as additional information and is not required by the relevant schedules of Commission Regulation (EC) N°809/2004.

Any statement contained herein or in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a subsequent statement which is deemed to be incorporated by reference herein or contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise), provided, however, that such statement shall only form part of this Prospectus to the extent that it is contained in a document, all of the relevant portion of which is incorporated by reference by way of a supplement prepared and published in accordance with Article 16 of the Prospectus Directive and article 13.1 of the Prospectus Act 2005.

Any statement so modified or superseded shall not, except as so modified or superseded, constitute part of this Prospectus.

This Prospectus, any documents incorporated by reference therein and any supplement to this Prospectus will be published on the websites of (a) the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) and (b) the Issuer ([www.raiffeisen.lu](http://www.raiffeisen.lu)).

The Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Prospectus which is capable of affecting the assessment of the Notes, prepare a

supplement to this Prospectus between the time when the Prospectus has been approved and the final closing of the offer to the public.

## OVERVIEW OF PROVISIONS RELATING TO THE NOTES WHILE REPRESENTED BY THE GLOBAL NOTES

*The following is an overview of the provisions to be contained in the Temporary Global Note and the Permanent Global Note which will apply to the Notes while they are represented by the Global Notes, some of which modify the effect of the Conditions.*

### 1. Exchange

The Permanent Global Note will be exchangeable in whole but not in part (free of charge to the holder) for definitive Notes only if:

- (a) an event described in Condition 8.1 (*Default Enforcement - Liquidation*) has occurred and is continuing; or
- (b) the Issuer has been notified that LuxCSD has been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or has announced an intention permanently to cease business or has in fact done so and no successor clearing system is available (each such event, an **Exchange Event**).

The Issuer will promptly give notice to the Noteholders if an Exchange Event occurs. In the case of (a) or (b) above, the holder of the Permanent Global Note, acting on the instructions of one or more of the Accountholders (as defined below), may give notice to the Issuer and the Fiscal Agent of its intention to exchange the Permanent Global Note for definitive Notes on or after the Exchange Date (as defined below).

On or after the Exchange Date the holder of the Permanent Global Note may surrender the Permanent Global Note to or to the order of the Fiscal Agent. In exchange for the Permanent Global Note the Issuer will deliver, or procure the delivery of, an equal aggregate principal amount of definitive Notes (having attached to them all Coupons in respect of interest which has not already been paid on the Permanent Global Note), security printed in accordance with any applicable legal requirements and in or substantially in the form set out in the Agency Agreement. On exchange of the Permanent Global Note, the Issuer will procure that it is cancelled and, if the holder so requests, returned to the holder together with any relevant definitive Notes.

For these purposes, **Exchange Date** means a day specified in the notice requiring exchange falling not less than 30 days after that on which such notice is given, being a day on which banks are open for general business in the place in which the specified office of the Fiscal Agent is located and, except in the case of exchange pursuant to (b) above, in the place in which the relevant clearing system is located.

### 2. Payments

On and after 21 August 2017, no payment will be made on the Temporary Global Note unless exchange for an interest in the Permanent Global Note is improperly withheld or refused. Payments of principal and interest in respect of Notes represented by a Global Note will, subject as set out below, be made to the bearer of such Global Note and, if no further payment falls to be made in respect of the Notes, against surrender of such Global Note to the order of the Fiscal Agent or such other Paying Agent as shall have been notified to the Noteholders for such purposes. The Issuer shall procure that the amount so paid shall be entered *pro rata* in the records of LuxCSD and the principal amount of the Notes recorded in the records of LuxCSD and represented by such Global Note will be reduced accordingly. Each payment so made will discharge the Issuer's obligations in respect thereof. Any failure to make the entries in the records of LuxCSD shall not affect such discharge. Payments of interest on the Temporary Global Note (if permitted by the first sentence of this

paragraph) will be made only upon certification as to non-U.S. beneficial ownership unless such certification has already been made.

### **3. Notices**

For so long as all of the Notes are represented by one or both of the Global Notes and such Global Note(s) is/are held on behalf of LuxCSD, notices to Noteholders may be given by delivery of the relevant notice to LuxCSD for communication to the relative Accountholders rather than by publication as required by Condition 10 (*Notices*) (except that the Issuer may in its discretion decide to post notices on its website ([www.raiffeisen.lu](http://www.raiffeisen.lu)), in addition to the delivery of the relevant notices to LuxCSD).

### **4. Accountholders**

For so long as all of the Notes are represented by one or both of the Global Notes and such Global Note(s) is/are held on behalf of LuxCSD, each person who is for the time being shown in the records of LuxCSD as the holder of a particular principal amount of Notes (each an **Accountholder**) (in which regard any certificate or other document issued by LuxCSD as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes) shall be treated as the holder of that principal amount for all purposes (including but not limited to, for the purposes of any quorum requirements of meetings of the Noteholders and giving notices to the Issuer pursuant to Condition 8 (*Default Enforcement*)) other than with respect to the payment of principal and interest on the principal amount of such Notes, the right to which shall be vested, as against the Issuer solely in the bearer of the relevant Global Note in accordance with and subject to its terms. Each Accountholder must look solely to LuxCSD for its share of each payment made to the bearer of the relevant Global Note.

### **5. Cancellation**

Cancellation of any Note represented by a Global Note and required by the Conditions to be cancelled following its redemption or purchase or repurchase will be effected by reduction in the principal amount of the relevant Global Note.

### **6. Redemption at the Option of the Issuer**

For so long as all of the Notes are represented by one or both of the Global Notes and such Global Note(s) is/are held on behalf of LuxCSD, no drawing of Notes will be required under Condition 5.6 (*Redemption and Purchase - Provisions relating to Partial Redemption*) in the event that the Issuer exercises its option pursuant to Condition 5.3 (*Redemption and Purchase - Redemption at the Option of the Issuer*) in respect of less than the aggregate principal amount of the Notes outstanding at such time. In such event, the partial redemption will be effected in accordance with the rules and procedures of LuxCSD (to be reflected in the records of LuxCSD as a reduction in principal amount).

### **7. Transfers**

Transfers of book-entry interests in the Notes will be effected through the records of LuxCSD and its direct and indirect participants in accordance with its rules and procedures.

## CONDITIONS OF THE NOTES

The up to EUR 30,000,000 2.5 per cent. Notes due 2027 (the **Notes**, which expression shall in these terms and conditions (the **Conditions**), unless the context otherwise requires, include any further notes issued pursuant to Condition 13 (*Further Issues*) and forming a single series with the Notes) of Banque Raiffeisen S.C., Luxembourg (the **Issuer**) are issued on 11 July 2017 (the **Issue Date**) subject to and with the benefit of an Agency Agreement dated 11 July 2017 (such agreement as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) made between the Issuer, Banque et Caisse d'Epargne de l'Etat, Luxembourg with its registered office at 1, Place de Metz, L-2954 Luxembourg as fiscal agent and principal paying agent (the **Fiscal Agent**) and Banque Raiffeisen S.C., Luxembourg with its registered office at 4, rue Léon Laval, L-3372 Leudelange as paying agent (together with the Fiscal Agent, the **Paying Agents**). The Fiscal Agent also acts as LuxCSD principal agent. The rights and claims of holders of the Notes (the **Noteholders**) in respect of the Notes and the rights and claims (if any) of holders of the related interest coupons appertaining to the Notes (the **Couponholders** and the **Coupons**) in respect of or arising from the Coupons are at all times subject to the provisions set out in these Conditions.

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of and definitions in the Agency Agreement. Copies of the Agency Agreement are available for inspection during normal business hours by the Noteholders and Couponholders at the specified office of each of the Paying Agents. The Noteholders and the Couponholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement. References in these Conditions to the Fiscal Agent and the Paying Agents shall include any successor appointed under the Agency Agreement.

### 1. FORM, DENOMINATION AND TITLE

#### 1.1 Form and Denomination

The Notes are in bearer form, serially numbered, in the denomination of €1,000 each with Coupons attached on issue.

The Notes will be represented on issue by a temporary global note issued in the form of a LuxCSD Bearer Global Note (**LBN Form**) which will be exchangeable for interests in a permanent global note issued in LBN form (and together with the temporary global note, the **Global Notes**) on or after a date that is expected to be 40 days after the Issue Date upon certification as to non-U.S. beneficial ownership, as required by U.S. Treasury regulations. The permanent global note will in turn be exchangeable for notes in definitive form. The Global Notes will be deposited on or about the Issue Date with LuxCSD, société anonyme (**LuxCSD**).

#### 1.2 Title

Title to the Notes and to the Coupons will pass by delivery.

As long as a Global Note is held by or on behalf of LuxCSD, interests in the Global Note shall only be transferable in accordance with the rules and procedures of LuxCSD.

#### 1.3 Holder Absolute Owner

The Issuer and any Paying Agent may (to the fullest extent permitted by applicable laws) deem and treat the bearer of any Note or Coupon as the absolute owner for all purposes (whether or not the Note or Coupon shall be overdue and notwithstanding any notice of ownership or writing on the Note or Coupon or any notice of previous loss or theft of the Note or Coupon).

As long as the Notes are represented by a Global Note held by or on behalf of LuxCSD, each person (other than LuxCSD) who is for the time being shown in the records of LuxCSD as the holder of a

particular amount of such Notes shall be treated by the Issuer and the Fiscal Agent as the holder of such amount of such Notes for all purposes, other than with respect to the payment of principal and interest on such amount of such Notes, for which purpose the bearer of the Global Notes shall be treated by the Issuer and the Fiscal Agent as the holder of such amount of such Notes in accordance with the terms and conditions of the respective Global Note.

## 2. STATUS

The Notes and the Coupons are direct, unconditional, unsecured and subordinated obligations of the Issuer and rank and will rank *pari passu*, without any preference among themselves, with all other outstanding unsecured and subordinated obligations of the Issuer. The rights and claims of the Noteholders and Couponholders against the Issuer in respect of the Notes and the Coupons are subordinated to the claims of the Senior Creditors.

In the event of Liquidation of the Issuer, the rights of the Noteholders and Couponholders against the Issuer in respect of such Notes and related Coupons (including any damages (if payable)) shall:

- (a) be subordinated to the claims of all Senior Creditors;
- (b) rank *pari passu* with the claims of all other subordinated creditors of the Issuer which in each case by law rank, or by their terms are expressed to rank *pari passu* with the Notes; and
- (c) rank senior to the claims of holders of the Issuer's shares and any junior subordinated obligations or other securities of the Issuer which by law rank, or by their terms are expressed to rank, junior to the Notes.

Subject to the application of the BRR Act 2015, the Notes may be subject to write-down or conversion by the Regulator acting as resolution council, which may result in the Noteholders and Couponholders losing some or all of their investment.

For the purposes of these Conditions:

**BRR Act 2015** means the Luxembourg act dated 18 December 2015 concerning, among others, the recovery, resolution and liquidation of credit institutions and certain investment firms, as amended, which has implemented the BRRD under Luxembourg law.

**BRRD** means Directive 2014/59/EU of the European Parliament and of the Council of 2 July 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms, as the same may be amended or replaced from time to time.

**Liquidation** means that an order is made or an effective resolution is passed for the judicial liquidation (*liquidation judiciaire*) of the Issuer or the voluntary liquidation (*liquidation volontaire*) of the Issuer, all in accordance with BRR Act 2015.

**Regulator** means the (i) the *Commission de Surveillance du Secteur Financier* (CSSF) or such other authority of Luxembourg (or if the Home Member State of the Issuer becomes a jurisdiction other than Luxembourg, such other jurisdiction) which assumes or performs the functions, as at the Issue Date, performed by such authority or such other or successor authority exercising primary supervisory authority with respect to prudential matters in relation to the Issuer and (ii) as applicable in accordance with regulation (EU) No 1024/2013, the European Central Bank.

**Senior Creditors** means creditors of the Issuer (i) who are depositors and/or other unsubordinated creditors of the Issuer; (ii) whose claims are or are expressed to be subordinated (whether only in the event of the Liquidation of the Issuer or otherwise) to the claims of unsubordinated creditors of the

Issuer, other than those whose claims by law rank, or by their terms are expressed to rank, *pari passu* with, or junior to, the claims of the Noteholders and Couponholders.

### **3. INTEREST**

#### **3.1 Interest Rate and Interest Payment Dates**

The Notes bear interest on their outstanding principal amount from and including 11 July 2017 at the rate of 2.5 per cent. per annum, payable annually in arrear on 11 July of each year (each an **Interest Payment Date**). The first payment (representing a full year's interest) shall be made on 11 July 2018.

#### **3.2 Interest Accrual**

Each Note will cease to bear interest from and including its due date for redemption unless, upon due presentation, payment of the principal in respect of the Note is improperly withheld or refused or unless default is otherwise made in respect of payment. In such event, interest will continue to accrue, subject to Condition 8.1 (*Liquidation*), until whichever is the earlier of:

- (a) the date on which all amounts due in respect of such Note have been paid; and
- (b) five days after the date on which the full amount of the moneys payable in respect of such Notes has been received by the Fiscal Agent and notice to that effect has been given to the Noteholders in accordance with Condition 10 (*Notices*).

#### **3.3 Calculation of Broken Interest**

Where interest is payable for a period of less than one year, it shall be calculated on the basis of the actual number of days in the relevant interest period divided by 365 (or, if any portion of that interest period falls in a leap year, the sum of (A) the actual number of days in that portion of the interest period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the interest period falling in a non-leap year divided by 365).

### **4. PAYMENTS**

#### **4.1 Payments in respect of Notes**

Payments of principal and interest in respect of each Note will be made against presentation and surrender (or, in the case of part payment only, endorsement) of the Note, except that payments of interest due on an Interest Payment Date will be made against presentation and surrender (or, in the case of part payment only, endorsement) of the relevant Coupon, in each case at the specified office outside the United States of any of the Paying Agents.

Payments of principal and interest in respect of Notes represented by a Global Note shall be made in the manner specified in the Global Note. A record of each payment made, distinguishing between payments of principal and payments of interest, shall be recorded *pro rata* upon the instruction of the Fiscal Agent, in the records held by LuxCSD and such registration in the record held by LuxCSD shall be evidence that the payment has been made. Each of the persons shown in the records of LuxCSD as the beneficial holder of a particular amount of Notes represented by a Global Note must look solely to LuxCSD for his share of each payment so made by the Issuer to or to the account of the holder of the Global Note.

#### **4.2 Method of Payment**

Payments will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee.



#### 4.3 Missing Unmatured Coupons

Each Note should be presented for payment together with all relative unmatured Coupons, failing which the full amount of any relative missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the full amount of the missing unmatured Coupon which the amount so paid bears to the total amount due) will be deducted from the amount due for payment. Each amount so deducted will be paid in the manner mentioned above against presentation and surrender (or, in the case of part payment only, endorsement) of the relative missing Coupon.

#### 4.4 Payments subject to Applicable Laws

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 6 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 6 (*Taxation*)) any law implementing an intergovernmental approach thereto.

#### 4.5 Payment only on a Presentation Date

A holder shall be entitled to present a Note or Coupon for payment only on a Presentation Date and shall not, except as provided in Condition 3 (*Interest*), be entitled to any further interest or other payment if a Presentation Date is after the due date.

**Presentation Date** means a day which (subject to Condition 7 (*Prescription*)):

- (a) is or falls after the relevant due date;
- (b) is a Business Day in the place of the specified office of the Paying Agent at which the Note or Coupon is presented for payment; and
- (c) in the case of payment by credit or transfer to a euro account as referred to above, is a TARGET2 Settlement Day.

In this Condition, **Business Day** means, in relation to any place, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in that place and **TARGET2 Settlement Day** means any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) system is open.

#### 4.6 Initial Paying Agents

The names of the initial Paying Agents and their initial specified offices are set out above. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent and to appoint additional or other Paying Agents provided that there will at all times be a Fiscal Agent.

Notice of any termination or appointment and of any changes in specified offices shall be given to the Noteholders promptly by the Issuer in accordance with Condition 10 (*Notices*).

### 5. REDEMPTION AND PURCHASE

#### 5.1 Redemption at Maturity

Unless previously redeemed or purchased or repurchased and cancelled as provided below, the Issuer will redeem the Notes at their principal amount on 11 July 2027.

## 5.2 Redemption for Taxation Reasons

In accordance with article 78 paragraph 4.(b) of the CRR, if and provided that:

- (a) as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction (as defined in Condition 6 (*Taxation*)), or any change in the official interpretation of the laws or regulations of a Relevant Jurisdiction, which change or amendment becomes effective after the Issue Date, on the next Interest Payment Date the Issuer would be required to pay additional amounts as provided or referred to in Condition 6 (*Taxation*);
- (b) the Issuer demonstrates to the satisfaction of the Regulator that such change was material and was not reasonably foreseeable as at the Issue Date; and
- (c) the requirement cannot be avoided by the Issuer taking reasonable measures available to it,

the Issuer may at its option, subject to paragraph 5.5 (*Conditions to early redemption*) below and having given not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 10 (*Notices*) (which notice shall be irrevocable), redeem all the Notes, but not some only, at their principal amount together with interest accrued to but excluding the date of redemption, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts, were a payment in respect of the Notes then due.

## 5.3 Redemption at the Option of the Issuer

Subject to paragraph 5.5 (*Conditions to early redemption*) below, the Issuer may, having given:

- (a) not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Condition 10 (*Notices*); and
- (b) notice to the Fiscal Agent not less than 15 days before the giving of the notice referred to in (a) above;

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or, subject as provided in paragraph 5.6 below, from time to time some only, on 11 July 2022, 11 July 2023, 11 July 2024, 11 July 2025 and 11 July 2026 at their principal amount together with interest accrued to the date of redemption.

## 5.4 Redemption for Regulatory Event

Subject to paragraph 5.5 (*Conditions to early redemption*) below and in accordance with article 77 and 78 4.(a) of the CRR, if there is a change which the Regulator considers to be sufficiently certain, in the regulatory classification of the Notes that occurs on or after the Issue Date, that the Issuer demonstrates to the satisfaction of the Regulator was not reasonably foreseeable as at the Issue Date, that would be likely to result in the exclusion of the Notes from Own Funds or their reclassification as a lower quality form of Own Funds (any such event, a **Regulatory Event**), the Issuer may, at its option, redeem the Notes, in whole but not in part at their principal amount together with interest accrued to but excluding the date of redemption.

## 5.5 Conditions to early redemption

Notwithstanding any other provision, the Issuer may early redeem the Notes (and give notice thereof to the Noteholders) only if it has obtained the prior approval of the Regulator and has complied with the Regulatory Procedures for the redemption of the Notes and solely to the extent permitted by the

Relevant Banking Regulations, all in accordance with, and subject to, articles 78 and 63(g) of the CRR.

## **5.6 Provisions relating to Partial Redemption**

In the case of a partial redemption of Notes, the Notes to be redeemed (the **Redeemed Notes**) will (i) in the case of Redeemed Notes represented by a global note (a **Global Note**), in accordance with the rules of LuxCSD (to be reflected in the records of LuxCSD by reducing the principal amount of all such Notes in proportion to the aggregate principal amount by application of a pool factor) not more than 30 days prior to the date fixed for redemption and (ii) in the case the Redeemed Notes are represented by definitive Notes, be selected individually by lot, in such place and in such manner as the Fiscal Agent may decide not more than 30 days before the date fixed for redemption.

Notice of any such selection or reduction will be given not less than 15 days before the date fixed for redemption. Each notice will specify the date fixed for redemption and the aggregate principal amount of the Notes to be redeemed, the serial numbers of the Notes called for redemption (in the case of definitive Notes), the serial numbers of Notes previously called for redemption and not presented for payment (in the case of definitive Notes) and the aggregate principal amount of the Notes which will be outstanding after the partial redemption.

Any reference in these Conditions to the principal amount of the Notes shall be to the principal amount outstanding at any given time after any one or more partial redemptions of the Notes have been effected in accordance with this Condition 5.6.

## **5.7 Purchases and repurchases**

The Issuer may purchase or repurchase Notes (provided that all unmatured Coupons appertaining to the Notes are purchased or repurchased with the Notes) at any price, provided that no such purchase or repurchase will be effected unless the prior approval of the Regulator is obtained and such purchase or repurchase complies with the Regulatory Procedures and subject to the Relevant Banking Regulations, including the provisions laid down in article 29 of the Commission Delegated Regulation (EU) N° 241/2014 dated 7 January 2014, as amended.

## **5.8 Cancellations, Holdings and Resales**

- (a) The Issuer may at its discretion either (i) cancel or (ii) hold and/or (iii) sell or resell any and all Notes which have been purchased or repurchased by or on behalf of the Issuer pursuant to Condition 5.7.
- (b) Any Notes that have been redeemed in accordance with Conditions 5.1, 5.2, 5.3, 5.4 or 5.7 or purchased or repurchased for cancellation, as provided in (a) above, will forthwith be cancelled, together with all relative unmatured Coupons attached to the Notes or surrendered with the Notes, and accordingly may not be reissued or resold.

## **5.9 For the purposes of these Conditions:**

**Banking Act 1993** means the Luxembourg act dated 5 April 1993 concerning the financial sector, as amended from time to time.

**CRD IV Directive** means Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, as the same may be amended or replaced from time to time.

**CRR** means Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, as the same may be amended or replaced from time to time.

**Own Funds** has the meaning ascribed to such term in the CRR.

**Regulatory Procedures** means in respect of any early redemption or purchase or repurchase of the Notes:

- (a) on or before such early redemption or purchase or repurchase (as the case may be) of the Notes, the Issuer replaces the Notes with own funds instruments of an equal or higher quality on terms that are sustainable for its income capacity; or
- (b) the Issuer has demonstrated to the satisfaction of the Regulator that the Own Funds of the Issuer would, following such redemption or purchase or repurchase (as applicable), exceed its minimum capital requirements (including any capital buffer requirements) as set out in the CRD IV Directive and/or the CRR by a margin that the Regulator may consider necessary on the basis set out in the CRD IV Directive and/or the CRR for it to determine the appropriate level of capital of an issuer.

**Relevant Banking Regulations** means the CRR (including for the avoidance of doubt the Commission Delegated Regulation (EU) N° 241/2014 dated 7 January 2014, as amended, supplementing the CRR), the CRD IV Directive, the BRR Act 2015, the Banking Act 1993, the CSSF regulation N°14-01 on the implementation of certain discretions of the CRR, any laws, regulations or acts implementing the CRD IV Directive and, at any time, the laws, regulations, circular letters and other requirements, standards, guidelines and policies relating to capital adequacy for credit institutions of either (i) the Regulator and/or (ii) any other national or European authority, in each case then in effect in Luxembourg (or in such other jurisdiction in which the Issuer may have its home member state as defined in the CRR, the CRD IV Directive, the BRR Act 2015 and the Banking Act 1993 (**Home Member State**)) and applicable to the Issuer.

## 6. TAXATION

### 6.1 Payment without Withholding

All payments in respect of the Notes by or on behalf of the Issuer shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (**Taxes**) imposed or levied by or on behalf of the Relevant Jurisdiction, unless the withholding or deduction of the Taxes is required by law. In that event, the Issuer will pay such additional amounts as may be necessary in order that the net amounts received by the Noteholders and Couponholders after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes or, as the case may be, Coupons in the absence of the withholding or deduction; except that no additional amounts shall be payable in relation to any payment in respect of any Note or Coupon:

- (a) presented for payment by or on behalf of a holder who is liable to the Taxes in respect of the Note or Coupon by reason of his having some connection with the Relevant Jurisdiction other than the mere holding of the Note or Coupon; or
- (b) presented for payment in Luxembourg; or
- (c) presented for payment by or on behalf of a holder who would not be liable or subject to the withholding or deduction by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority; or

- (d) where such withholding or deduction is imposed in respect of the Luxembourg law of 23 December 2005, as amended, introducing in Luxembourg a 20% withholding tax as regards Luxembourg resident individuals;
- (e) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that a holder would have been entitled to additional amounts on presenting the same for payment on the last day of the period of 30 days assuming that day to have been a Presentation Date (as defined in Condition 4 (*Payments*)); or
- (f) where such withholding or deduction is required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder or any official interpretations thereof.

## 6.2 Interpretation

In these Conditions:

- (a) **Relevant Date** means the date on which the payment first becomes due but, if the full amount of the money payable has not been received by the Fiscal Agent on or before the due date, it means the date on which, the full amount of the money having been so received, notice to that effect has been duly given to the Noteholders by the Issuer in accordance with Condition 10 (*Notices*); and
- (b) **Relevant Jurisdiction** means the Grand Duchy of Luxembourg or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer becomes subject in respect of payments made by it of principal and interest on the Notes and Coupons.

## 6.3 Additional Amounts

Any reference in these Conditions to any amounts in respect of the Notes shall be deemed also to refer to any additional amounts which may be payable under this Condition.

## 7. PRESCRIPTION

Notes and Coupons will become void unless presented for payment within periods of 10 years (in the case of principal) and five years (in the case of interest) from the Relevant Date in respect of the Notes or, as the case may be, the Coupons, subject to the provisions of Condition 4 (*Payments*).

The Luxembourg act dated 3 September 1996 on the involuntary dispossession of bearer securities, as amended (the **Involuntary Dispossession Act 1996**) requires that, in the event that (i) an opposition has been filed in relation to the Notes or Coupons and (ii) the Notes mature prior to becoming forfeited (as provided for in the Involuntary Dispossession Act 1996), any amount that is payable under the Notes or Coupons (if any), but has not yet been paid to the holders of such Notes or Coupons, will be paid to the *Caisse des consignations* in Luxembourg until the opposition has been withdrawn or the forfeiture of the Notes occurs.

## 8. DEFAULT ENFORCEMENT

### 8.1 Liquidation

If an order is made or an effective resolution is passed for the Liquidation of the Issuer in Luxembourg (or such other jurisdiction in which the Issuer may be organised), the holder of any Note may give written notice to the Issuer and the Fiscal Agent at its specified office that such Note

is due and payable, whereupon the outstanding principal amount of such Note together with accrued interest to the date of payment or opening of relevant proceedings, as applicable, shall become immediately due and payable.

## **8.2 Non-Payment**

If the Issuer does not make payment for a period of seven days or more after the due date for the payment of principal or for a period of 14 days or more after an Interest Payment Date, for the payment of interest due in respect of any of the Notes on such Interest Payment Date, any Noteholder may ask the relevant authorities to institute Liquidation or reprieve from payment (*sursis de paiement*) proceedings in respect of the Issuer (together, the **Proceedings**).

Although the relevant authorities may take into account a request from a Noteholder to institute the Proceedings, they are not in any way bound to do so following the receipt of such a request or on any other basis. In determining whether to institute any such Proceedings, the relevant authorities will act solely on the basis of their own discretion and in accordance with Luxembourg law. Subject to such request from a Noteholder as described in this Condition 8.2, a Noteholder shall not be able to take any of the Proceedings.

## **8.3 Breach of Other Obligations**

To the extent permitted by applicable law and by these Conditions, a Noteholder may at its discretion institute such proceedings against the Issuer as it may think fit to enforce any obligation, condition, undertaking or provision binding on the Issuer under the Notes or the Coupons (other than any payment obligation of the Issuer under or arising from the Notes or the Coupons, including, without limitation, payment of any principal or interest; provided always that such Noteholder shall not enforce, and shall not be entitled to enforce or otherwise claim, against the Issuer any award given in such proceedings that requires the payment of money by the Issuer, whether by way of damages or otherwise, except by proving in the relevant Proceedings).

## **8.4 Waiver**

The Noteholders expressly unconditionally and irrevocably waive all rights of rescission under article 1184 of the Luxembourg Civil Code, and to the extent applicable, under article 98 of the Luxembourg act dated 10 August 1915 on commercial companies, as amended (the **Companies Act 1915**) and of otherwise claiming early termination or early repayment of the Notes in case of default by the Issuer under any of its obligations under the Notes.

## **9. REPLACEMENT OF NOTES AND COUPONS**

Should any Note or Coupon be lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Fiscal Agent, upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

The replacement of Notes and Coupons, in the case of loss or theft, is subject to the procedure set out in the Involuntary Dispossession Act 1996.

## **10. NOTICES**

All notices to the Noteholders will be valid if posted on the website of the Issuer ([www.raiffeisen.lu](http://www.raiffeisen.lu)).

Notices may in addition be published in any of the following newspapers: the *Luxemburger Wort*, the *Tageblatt* or the *Journal* or, if the said newspaper shall cease to be published or timely publication therein shall not be practicable, in such other newspaper as the Fiscal Agent shall deem necessary to give fair and reasonable notice to the Noteholders.

Any such notices shall be deemed to have been given on the date of the first publication. Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Noteholders.

For so long as all of the Notes are represented by one or both of the Global Notes and such Global Note(s) is/are held on behalf of LuxCSD, notices to Noteholders may be given by delivery of the relevant notice to LuxCSD for communication to the relevant accountholders rather than by publication as required by this Condition 10 (Notices) (except that the Issuer may in its discretion decide to post notices on its website ([www.raiffeisen.lu](http://www.raiffeisen.lu)), in addition to the delivery of the relevant notices to LuxCSD).

## 11. MEETINGS OF NOTEHOLDERS AND MODIFICATION

- 11.1 The Noteholders acknowledge and accept or shall be deemed to have acknowledged and accepted that the exercise of collective rights and decisions of Noteholders in respect of the Notes and meetings of Noteholders (including Couponholders) shall be subject to the provisions of articles 86 to 94-8 of the Companies Act 1915 and the provisions of this Condition 11 (*Meetings of Noteholders and Modification*).

Pursuant to the Companies Act 1915, the Noteholders will belong to a masse (the **Masse**) created, among other things, for the representation of their common interests pursuant to the provisions of the Companies Act 1915. The following is an overview of the relevant provisions of the Companies Act 1915.

A general meeting of the Noteholders (the **Masse Meeting**) or a court order may appoint and determine the powers of one or more representatives (the **Representatives**). Where Representatives have been appointed, Noteholders may no longer individually exercise their rights against the Issuer. A Masse Meeting may be called at any time by the Representatives (if any); the board of directors of the Issuer; or the auditors of the Issuer. The Representatives or the approved statutory auditor of the Issuer, provided an advance on expenses has been paid to them by the Issuer, or the board of directors of the Issuer must convene the Masse Meeting if called upon to do so by Noteholders representing 5 per cent. or more of the Notes outstanding. Meetings of Noteholders will be convened in accordance with article 94 of the Companies Act 1915. All Masse Meetings shall be held at the place specified in the notice calling the meeting. All Noteholders have the right to attend and vote at the Masse Meeting either personally or by proxy. The voting rights attached to the Notes are equal to the proportion of the principal amount of the outstanding Notes represented by the principal amount of the Note or Notes held by the relevant holder. A Masse Meeting may be called to approve certain changes in the rights of the Noteholders and may, generally, determine any measures designed to ensure the defence of interests or the exercise of the rights of the Noteholders in accordance with the provisions of the Companies Act 1915. A Masse Meeting may deliberate validly without a quorum and by vote of a simple majority of the Noteholders attending or represented at such Masse Meeting on the appointment and revocation of the Representatives, the revocation of special representatives appointed by the Issuer and the approval of any measures of a conservatory nature in the general interests of the Noteholders. On all other matters, including for the avoidance of doubt, matters other than those set out in article 94-2 of the Companies Act 1915, the Masse Meeting may deliberate validly on the first convening notice only if Noteholders present or represented hold at least 50 per cent. of the Notes then outstanding. The board of directors of the Issuer or Noteholders representing 20 per cent. of the Notes then outstanding may require the adjournment of the meeting for four weeks. A new meeting must be called in accordance with article 94 of the Companies Act 1915. On the second convening notice no quorum is required. Decisions at such meetings shall be taken by a

majority of 66 2/3 per cent. of the votes cast by Noteholders attending such meetings or represented thereat.

- 11.2 The Fiscal Agent and the Issuer may agree, without the consent of the Noteholders to:
- (a) any modification (except as mentioned above) of the Notes, the Coupons or the Agency Agreement which is not prejudicial to the interests of the Holders; or
  - (b) any modification of the Notes, the Coupons or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law or requirements of the Regulator.

Any such modification shall be binding on the Noteholders and any such modification shall be notified to the Noteholders in accordance with Condition 10 (*Notices*) as soon as practicable thereafter.

- 11.3 No amendment to the Conditions can be adopted without the consent of the Issuer.

## **12. NO SUBSTITUTION**

The Issuer may not be substituted by any other entity.

## **13. FURTHER ISSUES**

The Issuer may from time to time without the consent of the Noteholders or Couponholders, but subject to the approval of the Regulator create and issue further notes, having terms and conditions the same as those of the Notes, or the same except for the amount of the first payment of interest, which may be consolidated and form a single series with the outstanding Notes.

## **14. GOVERNING LAW AND SUBMISSION TO JURISDICTION**

### **14.1 Governing Law**

The Agency Agreement, the Notes and the Coupons are governed by, and will be construed in accordance with Luxembourg law.

### **14.2 Jurisdiction of Luxembourg Courts**

The Issuer has irrevocably agreed for the benefit of the Noteholders and the Couponholders that the courts of Luxembourg are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Notes or the Coupons and accordingly has submitted to the exclusive jurisdiction of the Luxembourg courts. The Issuer waives any objection to the courts of Luxembourg on the grounds that they are an inconvenient or inappropriate forum.

### **14.3 Other Documents**

The Issuer has in the Agency Agreement submitted to the jurisdiction of the Luxembourg courts.



## **USE OF PROCEEDS**

The net proceeds of the issue of the Notes, amounting to a maximum of approximately € 29.900.000, will be applied by the Issuer for its general corporate purposes.

## DESCRIPTION OF THE ISSUER

The Issuer was established on 9 February 1926, by deed under private seal, and denominated “CAISSE CENTRALE DES ASSOCIATIONS AGRICOLES LUXEMBOURGEOISES”. The Issuer’s name has been changed twice, first to become “CAISSE CENTRALE RAIFFEISEN” following a decision by an Extraordinary General Meeting of Shareholders of 30 December 1982, second to become “BANQUE RAIFFEISEN” following a decision by an Extraordinary General Meeting of Shareholders held on 14 June 2001.

BANQUE RAIFFEISEN, hereinafter in this section, “the Bank” or “the Issuer”, has been established as a cooperative company (“*société coopérative*”) under the provisions of the Companies Act 1915, in order to carry out the activity of a credit institution.

The duration of the Issuer is indefinite.

The Issuer’s associates as of today are (i) the 13 affiliated co-operative savings and loans banks, hereinafter “the **affiliated Caisses Raiffeisen**”, Raiffeisen Members S.C. (Category A) - which hold, altogether, 45% of the voting rights, (ii) other legal or natural persons (Category B) – which hold, altogether, 45% of the remaining voting rights and (iii) POST Luxembourg (Category C), which holds altogether 10% of the voting rights. Within the two categories A and B of associates, the voting rights may be unevenly distributed among the relevant associates.

An Extraordinary General Meeting of Shareholders held on 1 September 2005 has decided to modify the by-laws of the Issuer in order to allow the association of one or more partners who would not be local co-operative savings and loans banks or agricultural associations or legal persons belonging to the agricultural or viticultural business sectors. Such partners would constitute a third category (C) of associates. They could hold a number of voting rights that would not exceed one third of the total voting rights in the Issuer. The respective voting rights of the associates belonging to the other two categories would then be reduced in proportion. The Board of Directors decided on 15 March 2016 to admit POST Luxembourg to the third category (C).

No single associate of the Issuer, and not any of the different categories of associates, directly or indirectly owns or controls the Issuer. The Issuer is not aware of any arrangement that might result in a change in control of the Issuer.

The Board of Directors of the Bank comprises representatives of the co-operatives, associations and companies of the agricultural and viticultural sector associated to the Bank, representatives of the affiliated Caisses Raiffeisen, representatives of POST Luxembourg, additional members and, the chairman and two other members of the Executive Committee.

The Board of Directors is ultimately responsible for the management of the Issuer. It defines the business strategy and decides the valuation principles of the Bank in accordance with the legal and regulatory environment. The Board decides all measures and conditions designed to enhance the development of the Bank and it monitors the functioning of the affiliated Caisses Raiffeisen.

In accordance with Article 12 of the Banking Act 1993, the composite entity comprising the Bank and the affiliated Caisses Raiffeisen is regarded as forming a single credit institution. The liabilities of the Bank and of the affiliated Caisses Raiffeisen constitute joint and several liabilities. The Bank is responsible for assuring the proper functioning of the affiliated Caisses Raiffeisen and for exercising an administrative, technical and financial control over their organisation and management. The supervision of each affiliated Caisse Raiffeisen is carried out by one or more statutory auditors. Their individual annual accounts are therefore not subject to an audit in accordance with generally accepted auditing standards. In accordance with Article 1 of the law of 17 June 1992 on the annual accounts and consolidated accounts of credit

institutions, as amended, the entity comprising the Bank and the affiliated Caisses Raiffeisen is subject to consolidated accounts.

The day to day management of the Bank as well as its representation in this respect are delegated, according to its bylaws, to the Executive Committee.

#### Registered name, corporate headquarters and registration numbers

Banque Raiffeisen S.C., Luxembourg

4, rue Léon Laval

L-3372 LEUDELANGE

Tel.: +352 24501

Fax: +352 227541

www.raiffeisen.lu

Luxembourg Register of Commerce and Companies: B-20128

Legal form: *société coopérative*

Legislation under which the Issuer operates: Luxembourg law

#### Banking license

The Issuer is regulated by the Banking Act 1993. The Issuer is duly authorised to carry on the business of a credit institution according to the provisions of the aforesaid law.

#### Employees as of 31 December 2016

The total number of employees of the Bank and the affiliated Caisses Raiffeisen had been: 615.

#### Business activities

The foremost purpose of the Bank is to run a financial clearing and banking institution under the form of a credit institution according to the Banking Act 1993. Its main activities are banking and financial operations, such as receiving deposits and other repayable funds from the public, granting loans on its own account, managing and administering portfolios and providing financial services to third parties.

The Bank aspires to respond to the financial needs of its co-operative members and its customers by providing the best services at the lowest possible cost in accordance with the principles laid down by F.W. Raiffeisen. The Issuer thus aims at promoting the interest of agricultural and viticultural enterprises, their cooperatives and professional organisations as well as of the Issuer's other corporate and private clients. The Issuer also decides on all useful or necessary measures for the management and development of its affiliated Caisses Raiffeisen branches.

Regarding the affiliated Caisses Raiffeisen, the Issuer's main objective is to represent them collectively as well as – if required – individually, in order to step in for their collective or individual rights and interests if necessary. Moreover, the Issuer assists them when it comes to organisation and management, execution of administrative tasks and technical and financial supervision.

All cash assets of the affiliated Caisses Raiffeisen, except those necessary for daily business, are exclusively deposited with the Issuer, which assures adequate remuneration for those deposits.

## Recent developments and new business

The Issuer's 2015 financial statements and 2016 financial statements, on an individual as well as on a consolidated basis, give proof of a regular growth of activities and revenues in 2015 as well as in 2016.

## Businesses

Since its creation in 1926, the Issuer has evolved from a rural union to a universal financial institution, covering retail activities but also specialising in corporate and private banking. The Issuer is a Luxembourg based bank, focused on the national/domestic market and offering a complete range of products and services for private customers as well as for SMEs. The main aim of the Issuer still remains, namely to satisfy the financial needs of its customers as well as its co-operative members by providing quality service at low costs.

## Retail

Since its foundation in 1926, the Issuer has always tried to be close to its local customers and has developed a strong retail banking business in Luxembourg. It has been – and still is – the first cooperative bank in the Grand Duchy.

The Issuer's core business is the activity of a traditional savings and credit bank. Nevertheless, the Issuer also focuses on developing third party product distribution activities in the areas of investment funds, life insurances, savings schemes and asset management services for private clients.

Combining its traditional and prudent business strategy with an evermore complete offer of services, the Issuer has substantially increased its market share on the domestic market over the last years. While remaining attached to its cooperative origins, the Issuer is nowadays providing professional and reliable banking services for more than 120.000 customers carrying out a multitude of professions and belonging to all kinds of economic sectors.

The Issuer is present over the entire national territory with sales points, that are either directly linked to Banque Raiffeisen, or to one of the Caisses Raiffeisen, which are though controlled by the Bank. Network infrastructures are steadily being modernized, enabling the Issuer to further develop its strong and long-term relationships with its clients.

## SMEs

Having considerably strengthened its team of experts, the Issuer has substantially built up and developed its services towards businesses, SMEs and industrial companies. These customers can by now benefit from tailor-made solutions, suitable for every business' needs in day-to-day financial activities as well as financing.

## Private banking

The Issuer offers a complete range of private banking products and services, including investment advices and discretionary mandates.

Wanting to develop its private banking activities further, Banque Raiffeisen has a collaboration agreement with Vontobel, a well renowned Swiss Private Bank. This collaboration allows the Issuer to enhance its asset management services while simultaneously benefiting from daily follow-ups and in-depth market analysis provided by Vontobel.

## IT infrastructure

In order to cope with an evermore demanding competitive as well as regulatory environment, the Issuer continuously improves its IT infrastructure set up in 2013.

## Historical financial statements of the Issuer

### *Annual financials*

The audited consolidated annual financial statements of the Issuer (in French) for the financial years ended 31 December 2016 and 31 December 2015, respectively, have been incorporated by reference into this Prospectus.

### Outlook

After the closing of the 2016 financial year, no events which might negatively influence the Issuer's normal course of business have occurred.

## GOVERNING BODIES OF THE ISSUER

The organisation of Banque Raiffeisen, established in 1926, was updated several times and for a last time by a resolution of an extraordinary general meeting of shareholders dated 1<sup>st</sup> September 2005 wherein the respective powers of the Board of Directors and of the Executive Committee were defined. According to Articles 26 and 27 of the articles of incorporation of the Issuer, the Board of Directors shall define the general policy of the Issuer and shall supervise the management of the Executive Committee. All administrative acts and arrangements necessary or conducive to the attainment of the Issuer's objectives shall be the responsibility of the Executive Committee, subject to the authorisations required hereunder.

### BOARD OF DIRECTORS

CHAIRMAN	Mr Ernest CRAVATTE	Chairman of the Board of Directors of Banque Raiffeisen, Lawyer, Bridel
VICE-CHAIRMAN	Mr Marion DIDIER	Member of the Committee of “Luxlait Association Agricole”, farmer, Hivange
VICE-CHAIRMAN	Mr Patrick KOSTER	Industrial Engineer, Useldange
MEMBERS	Mr Romain BAUSCH	Chairman of the Board of Directors of SES, Mamer
	Mr John BOUR	Vice-Chairman of the Executive Committee of Banque Raiffeisen, Bous
	Mr Lucien CLESSE	Chairman of the Board of Directors of Caisse Raiffeisen Diekirch , farmer , Eschdorf
	Mr Marc FISCH	Chairman of the Committee of “Centrale Paysanne Luxembourgeoise”, farmer, Calmus
	Mr Marco GAASCH	Chairman of the Chamber of Agriculture, industrial engineer, Nothum
	Mr Jos GLOD	Vice-Chairman of the Executive Committee of POST, Bergem
	Mr Carlo HESS	Vice-Chairman of the Board of Directors Caisse Raiffeisen Mersch, farmer, Obergladbach
	Mr Guy HOFFMANN	Chairman of the Executive Committee of Banque Raiffeisen, Pontpierre
	Mr Henri LOMMEL	Chairman of « DE VERBAND GROUP », agronomist , Cruchten

Mr Raymond SCHADECK	Independent member of different Board of Directors, Economist, Mondorf-les-Bains
Mr Camille SCHRENGER	Chairman of the Board of Directors of Caisse Raiffeisen Bettborn-Perlé, farmer, Reimberg
Mr Claude STRASSER	Chairman of the Executive Committee of POST, Luxembourg
Mr Henri STRENG	Chairman the Board of Directors of Caisse Musel-Sauerdall, Chairman of the Committee of “Vinsmoselle s.c.”, viticulturalist, Grevenmacher
Mr Paul SUNNEN	Chairman of the Board of Directors of Caisse Niederanven/Syrdall, consultant/chartered accountant, Moutfort

#### EXECUTIVE COMMITTEE

Mr Guy HOFFMANN	Chairman of the Executive Committee, Pontpierre
Mr John BOUR	Vice-Chairman, of the Executive Committee, Bous
Mr Jean-Louis BARBIER	Member of the Executive Committee, Pontpierre
Mr Yves BIEWER	Member of the Executive Committee, Oetrange
Mr Eric PEYER	Member of the Executive Committee, Greiveldange

The business address of each of the Directors and members of the Executive Committee is 4, rue Léon Laval, L-3372 Leudelange.

The Issuer is not aware of any potential conflicts of interest between the duties to the Issuer of the persons listed under “Board of Directors”, and “Executive Committee” above and their private interests or other duties.

## TAXATION

*The statements herein regarding taxation are based on the laws in force, in Luxembourg and in the United States as at the date of this Prospectus and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The following overview does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to special rules. Prospective purchasers of the Notes are advised to consult their own tax advisers concerning the overall tax consequences of their ownership of the Notes.*

### **Luxembourg Taxation**

The following information is of a general nature only and is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. Prospective investors in the Notes should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a withholding tax or a tax of a similar nature, or to any other concepts, refers to Luxembourg tax law and/or concepts only. Also, please note that a reference to Luxembourg income tax encompasses corporate income tax (*impôt sur le revenu des collectivités*), municipal business tax (*impôt commercial communal*), a solidarity surcharge (*contribution au fonds pour l'emploi*) as well as personal income tax (*impôt sur le revenu*) generally. Investors may further be subject to net wealth tax (*impôt sur la fortune*) as well as other duties, levies or taxes. Corporate income taxes, municipal business tax, as well as the solidarity surcharge invariably apply to most corporate taxpayers resident in Luxembourg for tax purposes. Individual taxpayers are generally subject to personal income tax and the solidarity surcharge. Under certain circumstances, where an individual taxpayer acts in the course of the management of a professional or business undertaking, municipal business tax may apply as well.

### ***Withholding Tax***

#### **(a) Non-resident holders of Notes**

Under Luxembourg general tax laws currently in force, there is no withholding tax on payments of principal, premium or interest made to non-resident holders of Notes, nor on accrued but unpaid interest in respect of the Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Notes held by non-resident holders of Notes.

#### **(b) Resident Holders of Notes**

Under Luxembourg general tax laws currently in force and subject to the law of 23 December 2005 (the "**Law**") mentioned below, as amended, there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident holders of Notes, nor on accrued but unpaid interest in respect of Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Notes held by Luxembourg resident holders of Notes.

Under the Law payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to an individual beneficial owner who is a resident of Luxembourg will be subject to a withholding tax of 20 per cent. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Notes coming within the scope of the Law will be subject to withholding tax of 20 per cent.



## ***Income Taxation***

### **(a) Non-resident holders of the Notes**

A non-resident holder of Notes, not having a permanent establishment or permanent representative in Luxembourg to which/whom such Notes are attributable, is not subject to Luxembourg income tax on interest accrued or received, redemption premiums or issue discounts, under the Notes. A gain realised by such non-resident holder of Notes on the sale or disposal, in any form whatsoever, of the Notes is further not subject to Luxembourg income tax.

A non-resident corporate holder of Notes or an individual holder of Notes acting in the course of the management of a professional or business undertaking, who has a permanent establishment or permanent representative in Luxembourg to which or to whom such Notes are attributable, is subject to Luxembourg income tax on interest accrued or received, redemption premiums or issue discounts, under the Notes and on any gains realised upon the sale or disposal, in any form whatsoever, of the Notes.

### **(b) Resident holders of Notes**

Holders of the Notes who are residents of Luxembourg will not be liable for any Luxembourg income tax on repayment of principal.

#### **(i) Luxembourg resident corporate holder of Notes**

A corporate holder of Notes must include any interest accrued or received, any redemption premium or issue discount, as well as any gain realised on the sale or disposal, in any form whatsoever, of the Notes, in its taxable income for Luxembourg income tax assessment purposes.

A corporate holder of Notes that is governed by the law of 11 May 2007 on family estate management companies, as amended, or by the law of 17 December 2010 on undertakings for collective investment, as amended, or by the law of 13 February 2007 on specialised investment funds, as amended, or by the law of 23 July 2016 on reserved alternative investment funds and which does not fall under the special tax regime set out in article 48 thereof, is neither subject to Luxembourg income tax in respect of interest accrued or received, any redemption premium or issue discount, nor on gains realised on the sale or disposal, in any form whatsoever, of the Notes.

#### **(ii) Luxembourg resident individual holder of Notes**

An individual holder of Notes, acting in the course of the management of his/her private wealth, is subject to Luxembourg income tax at progressive rates in respect of interest received, redemption premiums or issue discounts, under the Notes, except if (i) withholding tax has been levied on such payments in accordance with the Law, or (ii) the individual holder of the Notes has opted for the application of a 10% tax in full discharge of income tax in accordance with the Law, which applies if a payment of interest has been made or ascribed by a paying agent established in a EU Member State (other than Luxembourg), or in a Member State of the European Economic Area (other than a EU Member State). A gain realised by an individual holder of Notes, acting in the course of the management of his/her private wealth, upon the sale or disposal, in any form whatsoever, of Notes is not subject to Luxembourg income tax, provided this sale or disposal took place more than six months after the Notes were acquired. However, any portion of such gain corresponding to accrued but unpaid interest income is subject to Luxembourg income tax, except if tax has been levied on such interest in accordance with the Law.

An individual holder of Notes acting in the course of the management of a professional or business undertaking must include this interest in its taxable basis. If applicable, the tax levied in accordance with the Law will be credited against his/her final tax liability.

### ***Net Wealth Taxation***

A corporate holder of Notes, whether it is a resident of Luxembourg for tax purposes or, if not, it maintains a permanent establishment or a permanent representative in Luxembourg to which/whom such Notes are attributable, is subject to Luxembourg wealth tax on such Notes, except if the holder of Notes is governed by the law of 11 May 2007 on family estate management companies, as amended, or by the law of 17 December 2010 on undertakings for collective investment, as amended, or by the law of 13 February 2007 on specialised investment funds, as amended, or by the law of 23 July 2016 on reserved alternative investment funds, or is a securitisation company governed by the law of 22 March 2004 on securitisation, as amended, or is a capital company governed by the law of 15 June 2004 on venture capital vehicles, as amended<sup>1</sup>.

An individual holder of Notes, whether he/she is a resident of Luxembourg or not, is not subject to Luxembourg wealth tax on such Notes.

### ***Other Taxes***

In principle, neither the issuance nor the transfer, repurchase or redemption of Notes will give rise to any Luxembourg registration tax or similar taxes.

However, a fixed or ad valorem registration duty may be due upon the registration of the Notes in Luxembourg in the case of legal proceedings before Luxembourg courts or in case the Notes must be produced before an official Luxembourg authority, or in the case of a registration of the Notes on a voluntary basis or in the case where the documents relating to the Notes are referred to in a public deed.

Where a holder of Notes is a resident of Luxembourg for tax purposes at the time of his/her death, the Notes are included in his/her taxable estate for inheritance tax assessment purposes.

Gift tax may be due on a gift or donation of Notes if embodied in a Luxembourg deed passed in front of a Luxembourg notary or recorded in Luxembourg.

### **US tax considerations**

#### ***Foreign Account Tax Compliance Act***

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a “foreign financial institution” may be required to withhold on certain payments it makes (**foreign passthru payments**) to persons that fail to meet certain certification, reporting, or related requirements. The Issuer is a foreign financial institution for these purposes. A number of jurisdictions (including Luxembourg) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (**IGAs**), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to 1 January 2019 and Notes characterised as debt (or which are not otherwise

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<sup>1</sup> Please however note that securitisation companies governed by the law of 22 March 2004 on securitisation, as amended, or capital companies governed by the law of 15 June 2004 on venture capital vehicles, as amended, or reserved alternative investment funds governed by the law of 23 July 2016 and which fall under the special tax regime set out under article 48 thereof may, under certain conditions, be subject to minimum net wealth tax.

characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining “foreign passthru payments” are filed with the U.S. Federal Register generally would be “grandfathered” for purposes of FATCA withholding unless materially modified after such date. However, if additional notes (as described under “*Conditions of the Notes—Further Issues*”) that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes.

## PLACEMENT

The Placement Agents have, pursuant to a placement agreement dated 16 May 2017 (the **Placement Agreement**), agreed to use reasonable endeavours to procure subscribers for the Notes.

### United States

The Notes have not been and will not be registered under the Securities Act or any state securities law and may not be offered, sold, pledged or otherwise transferred directly or indirectly within the United States or to, or for the account or benefit of, U.S. Persons except to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended and regulations promulgated thereunder.

Each Placement Agent has represented and agreed, and each further Placement Agent will be required to represent and agree, that it will not offer, sell or deliver Notes (a) as part of their distribution at any time or (b) otherwise prior to expiration of 40 days after the completion of the distribution within the United States or to, or for the account or benefit of, U.S. Persons. Each Placement Agent has further agreed, and each further Placement Agent will be required to agree, that it will send to each Placement Agent to which it sells the Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. Persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until the day immediately following 40 days after the commencement of the offering of the Notes, an offer or sale of such Notes within the United States by any Placement Agent (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

### Public Offer Selling Restriction under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), each Placement Agent has represented and agreed, and each further Placement Agent will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Prospectus to the public in that Relevant Member State except in Luxembourg as described in this Prospectus and except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Placement Agent or Placement Agents nominated by the Issuer for any such offer; or
- (c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (a) to (c) above shall require the Issuer or any Placement Agent to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an **offer of Notes to the public** in relation to the Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression **Prospectus Directive** means Directive 2003/71/EC (and the amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State. and the expression **2010 PD Amending Directive** means Directive 2010/73/EU.

### **General**

Except for Luxembourg, no action has been taken by the Issuer that would, or is intended to, permit a public offer of the Notes in any country or jurisdiction where any such action for that purpose is required.

### **Public Offer**

Upon approval of this Prospectus by the CSSF, the Issuer intends to offer the Notes to the public in Luxembourg. The Notes may only be offered or sold in any jurisdictions (including, without limitation, Luxembourg), in accordance with the requirements of the relevant securities laws and regulations applicable in such jurisdiction.

(a) Offer Period:

From 19 June 2017 to 7 July 2017 (both inclusive) the Notes may be offered for subscription to investors but the Issuer reserves the right to close subscription early. However, from 19 June 2017 to 21 June 2017 (both dates inclusive) the subscription to the Notes will, subject as provided below, be reserved to investors which are co-operative members of the Issuer, that is, persons holding one or more shares (*parts sociales*) in the Issuer, including such persons which have applied to become co-operative members on or before 21 June 2017 (each a **Qualifying Member**) (such reserved period, the **Reserved Period**). From 22 June (or such earlier date in case the Reserved Period has been shortened as provided below) to 7 July 2017 the Notes are also open for subscription to investors other than the Qualifying Members (the **Open Period**). As mentioned above, the Issuer reserves the right to close subscription early.

(b) Offer Price:

The issue price / offer price of the Notes is 102.0 per cent of their principal amount.

(c) Conditions to which the offer is subject:

Offers of the Notes are conditional on their issue.

(d) Description of the application process:

Applications for Notes may be made by a prospective purchaser through the Placement Agents. Pursuant to anti-money laundering regulations, prospective purchasers who are not existing clients of the Placement Agents may be required by their Placement Agent of choice to complete an anti-money laundering form and to provide further evidence of identification in advance of applying for any Notes.

(e) Details of the minimum and/or maximum amount of application:

Investors are required to subscribe for a minimum of one (1) Note and thereafter in multiples of one (1) Note. The maximum subscription amount per investor (including any subscriptions by one or more agents and/or via one or more investment vehicles for the account or the benefit of such investor) is EUR500,000. The Issuer however reserves the right, in its discretion to dis-apply the maximum amount for subscriptions received from 7 July 2017 onwards in case where the subscription orders in respect of the Notes received prior to that date are considered by the Issuer as being insufficient to ensure a full subscription of the Notes.

(f) Allocation of the Notes

During the Reserved Period, the allocation of the Notes to Qualifying Members will be made, up to the aggregate amount of EUR20,000,000, on a first come, first served basis: Notes will be allocated to Qualifying Members in the order of receipt of their application by a Placement Agent for the subscription of Notes. The last order received that will trigger a crossing of the EUR20,000,000 threshold will, where applicable, be scaled back by the Issuer in its discretion.

During the Open Period (which may include, where applicable, part of the Reserved Period, should the total amount of EUR20,000,000 be reached prior to the end of the Reserved Period, as provided below), the allocation of the remaining Notes (i.e. a total of EUR10,000,000 or a higher amount in case of partial subscriptions during the Reserved Period) will be done on a pro-rata basis, should the total subscriptions exceed the maximum amount that may be issued. Applications will in that case be scaled back such that the number of Notes allocated to each investor having placed orders will be determined based on such investor's share of the aggregate subscription amount during the Open Period (and, where applicable, the Reserved Period). In the event where such determination results in broken amounts (i.e. amounts below EUR1,000), the Issuer may decide on the re-allocation of such number of Notes to specific investors as it deems appropriate.

As mentioned above, the Issuer has the discretion to close the offering at any time prior to the end of the Open Period.

(g) Scale-back and Cancellation

Notwithstanding any of the offer provisions set out above and below, the Issuer reserves the right, prior to the Issue Date, in its absolute discretion to:

- (i) Decline in whole or in part an application for Notes such that an investor may, in certain circumstances, not be issued the number of (or any) Notes for which it has applied (**Scale-back**); or
- (ii) Withdraw, cancel or modify the offer of the Notes (**Cancellation**).

The Issuer may Scale-back or effect a Cancellation without notice and will notify investors, either directly or indirectly through a relevant Placement Agent, of such Scale-back or Cancellation after such Scale-back or Cancellation has occurred. In the event that the Notes are not issued, no subscription monies shall be payable by investors to the Issuer (either directly or indirectly through a Placement Agent) in respect of the Notes. Investors should contact their Placement Agent of choice for details of the arrangements for the return of application monies in such circumstances. The Issuer shall have no responsibility for, or liability arising out of, the relationship between the investors and their respective Placement Agents and clearing system operators, including, without limitation, in respect of arrangements concerning the return of monies by such persons to their clients.

(h) Details of the method and time limits for paying up and delivering the Notes:

The Notes will be issued on the Issue Date against payment to the Issuer of the net subscription moneys. Investors will be notified by the relevant Placement Agent of their allocations of the Notes and the settlement arrangements in respect thereof.

- (i) Manner and date in which results of the offer are to be made public

The final number of Notes placed with investors in connection with the offering (including a breakdown between Qualifying Members and investors who are not Qualifying Members) is expected to be published on or promptly after the date of closing of the subscription period on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) and on the website of the Issuer ([www.raiffeisen.lu](http://www.raiffeisen.lu)) and filed with the CSSF, all in accordance with article 10(1)(b) of the Prospectus Act 2005.

Where applicable, the Issuer will also publish a notice on the website of the Luxembourg Stock Exchange to inform potential investors that the Reserved Period has been shortened (due to the full subscription of the Notes by the Qualifying Members prior to the end of the three business day period).

- (j) Categories of potential investors to which the Notes are offered:

Offers may be made by the Placement Agents in Luxembourg to any person (both retail and qualified investors) during the Offer Period. In other EEA countries and in all jurisdictions (including Luxembourg) outside of the Offer Period, offers will only be made by the Placement Agents pursuant to an exemption from the obligation under the Prospectus Directive, as implemented in such countries, to publish a prospectus.

A total amount of EUR20,000,000 of Notes will be reserved to Qualifying Members, which may place orders to subscribe for the Notes during the Reserved Period, being the first three business days of the proposed offer. Should the amount of Notes mentioned above not be subscribed by Qualifying Members at the end of the Reserved Period, then the previously reserved Notes may be subscribed by investors other than Qualifying Members.

Should the total amount of EUR20,000,000 of Notes be fully subscribed by Qualifying Members before the end of the Reserved Period, then the remaining Notes may also be subscribed by investors other than the Qualifying Members before the end of the Reserved Period.

- (k) Process for notification to applicants of the amount allotted

Each investor should contact the relevant Placement Agent at which he has left the subscription instructions to receive confirmation that such subscription has been accepted or not.

Name(s) and address(es) of the placers in the various countries where the offer takes place:

**Raiffeisen SC**

4, rue Léon Laval

L-3372 Leudelange

**Caisse Raiffeisen Bettborn-Perlé**

61, rue Principale

L-8606 Bettborn

**Caisse Raiffeisen Bascharage-Reckange-Soleuvre**

2C, rue de la Résistance

L-4942 Bascharage

**Caisse Raiffeisen Canton Remich**

6, op der Kopp

L-5544 Remich

**Caisse Raiffeisen Diekirch-Feulen**

4, rue St. Antoine

L-9205 Diekirch

**Caisse Raiffeisen Junglinster**

1, rue de Luxembourg

L-6130 Junglinster

**Caisse Raiffeisen Mamer**

65, route d'Arlon

L-8211 Mamer

**Caisse Raiffeisen Musel-Sauerdall**

7, rue des Bateliers

L-6713 Grevenmacher

**Caisse Raiffeisen Noerdange-Saeul-Useldange**

3, Dikrecherstrooss

L-8550 Noerdange

**Caisse Raiffeisen Hoffelt-Binsfeld-Weiswampach**

Maison 61

L-9780 Wincrange

**Caisse Raiffeisen Kayl-Roeser**

73, avenue Grande-Duchesse Charlotte

L-3441 Dudelange

**Caisse Raiffeisen Mersch**

13, rue de la Gare

L-7535 Mersch

**Caisse Raiffeisen Niederanven/Syrdall**

130a, route de Trèves

L-6940 Niederanven

**Caisse Raiffeisen Wiltz**

9, rue Grande-Duchesse Charlotte

L-9515 Wiltz



## GENERAL INFORMATION

### Authorisation

The issue of the Notes was duly authorised by a resolution of the Board of Directors of the Issuer dated 29 March 2017.

### Clearing Systems

The Notes have been accepted for clearance through LuxCSD. The Notes are also eligible for clearance through Clearstream, Luxembourg. The ISIN for this issue is LU1625071847 and the Common Code is 162507184.

The address of LuxCSD is LuxCSD S.A., 42 Avenue JF Kennedy, L-1855 Luxembourg.

### Yield

The yield of the Notes is 2.27% per annum and is calculated at the issue date on the basis of the issue price. It is not an indication of future yield.

### Expenses

No expenses will be charged to investors by the Issuer.

### No significant change and no material adverse change

There has been no significant change in the financial position of the Issuer and no material adverse change in the financial position or prospects of the Issuer since the financial year ended 31 December 2016.

### Litigation

Neither the Issuer is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the Issuer.

### Statutory auditors

The statutory auditors of the Issuer are Ernst & Young S.A., member of the *Institut des Réviseurs d'Entreprises*, who have audited the Issuer's consolidated accounts, without qualification, in accordance with Luxembourg GAAP for each of the two financial years ended 31 December 2015 and 31 December 2016. The statutory auditors of the Issuer have no material interest in the Issuer.

The reports of the statutory auditors of the Issuer are included or incorporated in the form and context in which they are included or incorporated, with the consent of the auditors who have authorised the contents of that part of this Prospectus.

### U.S. tax

The permanent and definitive Notes and Coupons will contain the following legend: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code."

## **Documents Available**

For the period of 12 months following the date of this Prospectus, copies of the following documents will be available for inspection from the registered office of the Issuer and from the specified offices of the Paying Agents:

- (a) the articles of incorporation of the Issuer;
- (b) the consolidated audited financial statements of the Issuer in respect of the financial years ended 31 December 2016 and 31 December 2015, in each case together with the audit reports in connection therewith;
- (c) the most recently published audited annual financial statements of the Issuer; and
- (d) the Placement Agreement and the Agency Agreement.

In addition, copies of this Prospectus and each document incorporated by reference are available on the Luxembourg Stock Exchange's website at [www.bourse.lu](http://www.bourse.lu) and [www.raiffeisen.lu](http://www.raiffeisen.lu). Printouts of the Prospectus may be obtained free of charge at the specified offices of the Placement Agents.

**THE ISSUER**

**Raiffeisen SC**

4, rue Léon Laval

L-3372 Leudelange

**FISCAL AND PRINCIPAL PAYING AGENT**

**Banque et Caisse d'Épargne de l'État, Luxembourg**

2, place de Metz

L-2954 Luxembourg

**PLACEMENT AGENTS**

**Raiffeisen SC**

4, rue Léon Laval

L-3372 Leudelange

**Caisse Raiffeisen Bettborn-Perlé**

61, rue Principale

L-8606 Bettborn

**Caisse Raiffeisen Diekirch-Feulen**

4, rue St. Antoine

L-9205 Diekirch

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**Caisse Raiffeisen Bascharage-Reckange-Soleuvre**

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L-9780 Wintrange

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L-3441 Dudelange

**Caisse Raiffeisen Mersch**

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L-7535 Mersch

**Caisse Raiffeisen Niederanven/Syrdall**

130a, route de Trèves

L-6940 Niederanven

**Caisse Raiffeisen Wiltz**

3, Dikrecherstrooss  
L-8550 Noerdange

9, rue Grande-Duchesse Charlotte  
L-9515 Wiltz

**PAYING AGENTS**

**Raiffeisen SC**

**Banque et Caisse d'Epargne de l'Etat,  
Luxembourg**

4, rue Léon Laval

2, place de Metz

L-3372 Leudelange

L-2954 Luxembourg

**LEGAL ADVISERS**

*To the Issuer as to Luxembourg law*

**Allen & Overy**

*société en commandite simple*

*(inscrite au barreau de Luxembourg)*

33, avenue J.F. Kennedy

L-1855 Luxembourg

**STATUTORY AUDITORS**

**ERNST & YOUNG S.A.**

34e, avenue John F. Kennedy

L-1855 Luxembourg